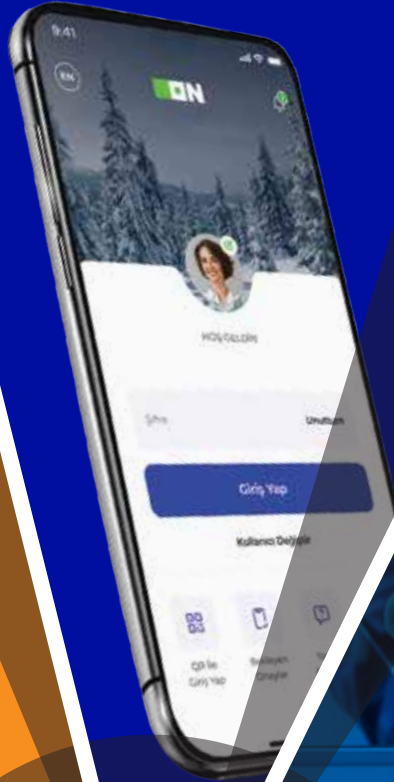


"ON" is selected,
Best Digital
Banking Platform
2022
by Global Finance



20
22

ANNUAL
REPORT



We would like to extend our sympathy and best wishes to all those affected by the Kahramanmaraş earthquake of February 6, 2023. Our condolences go out to the families of those who lost their lives in the quake. May they rest in peace.

Burgan Bank responded quickly to provide aide to the stricken area, and we will continue to offer our support to all of those who were affected by the earthquake.

We firmly believe that through solidarity we will be able to pull through these difficult times together.

May our nation quickly recover from this tragedy!

Contents

Communication and Declaration

SECTION ONE GENERAL INFORMATION

- 3 Corporate Profile
- 5 Corporate Values
- 6 Milestones from 1989 until 2022
- 8 Summary Financial Information for the Fiscal Year
- 9 The Historical Development of the Bank, Amendments to the Articles of Association During the Reporting Period and Reasons Thereof
- 20 Top Management
- 21 An Overview of 2022
- 40 Burgan Finansal Kiralama A.Ş.
- 41 Burgan Yatırım Menkul Değerler A.Ş. (Burgan Securities)
- 42 Information on the Bank's Personnel and Branch Number, Types of Services, Fields of Activities, and Evaluation of the Bank's Position in the Sector Based on These
- 42 R&D Practices Related to New Services and Activities
- 43 Information on Benefits Provided to Top Management

SECTION TWO INFORMATION ON MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

- 45 Names & Surnames, Terms of Office, Area of Responsibility, Academic Backgrounds and Professional Experience of the Chairman of the Board of Directors, Director and Members of the Audit Committee, General Manager and Vice Presidents, and Heads of the Units under Internal Systems

- 47 Information on the Bank's Personnel and Number of Branches, Types of Services, Fields of Activities, and Evaluation of the Bank's Position in the Sector Based on These
- 51 Board of Directors' Summary Report Presented to the General Assembly
- 52 Information about Human Resources Practices
- 55 The Bank's Transactions with Its Risk Group
- 55 Information Regarding Affiliate Report
- 56 Fields of Activity in Which Support Services Were Procured and the Persons and Companies from Which They Were Procured Pursuant to the Regulation on the Support Services to be Procured by Banks and Authorization of Support Service Providers
- 58 Corporate Governance Report

SECTION THREE FINANCIAL INFORMATION AND RISK MANAGEMENT

- 63 Report by Statutory Auditors Organized Pursuant to Article 397 of the Turkish Commercial Code Dated 13/01/2011 and No.6102
- 63 An Assessment by the Audit Committee of the Operation of Internal Control, Internal Audit and Risk Management Systems and Their Activities in the Reporting Period
- 63 Independent Auditors' Report

- 63 Financial Statements and Information on Financial Structure
- 64 An Assessment of the Financial Status, Profitability and Solvency
- 67 Information on Risk Management Policies Implemented by Types of Risks
- 69 Ratings Granted by Rating Agencies and their Contents
- 69 Summary Financial Data for the Past Five Years Including the Reporting Period

SECTION FOUR CONSOLIDATED FINANCIAL STATEMENTS

- 71 Consolidated Financial Information
- 71 Information on Consolidated Subsidiaries

APPENDIXES

- Appendix-1 Compliance Opinion on the Annual Report
- Appendix-2 Unconsolidated Financial Report
- Appendix-3 Consolidated Financial Report

DIRECTORY

Report's date : 01 January 2022 – 31 December 2022
Name of the Bank : **Burgan Bank A.Ş.**
Address : Maslak Mahallesi, Eski Büyükdere Caddesi, No:13
34485 Sarıyer / İstanbul
Telephone : 0 212 371 37 37
Fax : 0 212 371 42 42
Web site : www.burgan.com.tr
E-mail : bilgi@burgan.com.tr

This financial report includes the following sections in accordance with the “Principles and procedures regarding the preparation and issue of Annual Reports” as published by the Banking Regulation and Supervision Agency.

- **Section One** GENERAL INFORMATION
- **Section Two** MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES
- **Section Three** FINANCIAL INFORMATION AND RISK MANAGEMENT
- **Section Four** CONSOLIDATED FINANCIAL STATEMENTS, FINANCIAL INFORMATIONS, EXPLANATIONS ON SUBSIDIARIES AND AUDITOR'S REPORT

The accompanying unconsolidated and consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira (“TL”), have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations of these and have been audited.




Emin Hakan EMINSOY
Chairman of the
Board of Directors



Ali Murat DİNÇ
Member of the Board of
Directors and
General Manager



Zeynep BOZKURT
Deputy General Manager and
Chief Financial Officer



Bahadır AKSU
Head of Accounting,
Tax, and Reporting
Unit



Hasan KILIÇ
Head
of the Audit Committee



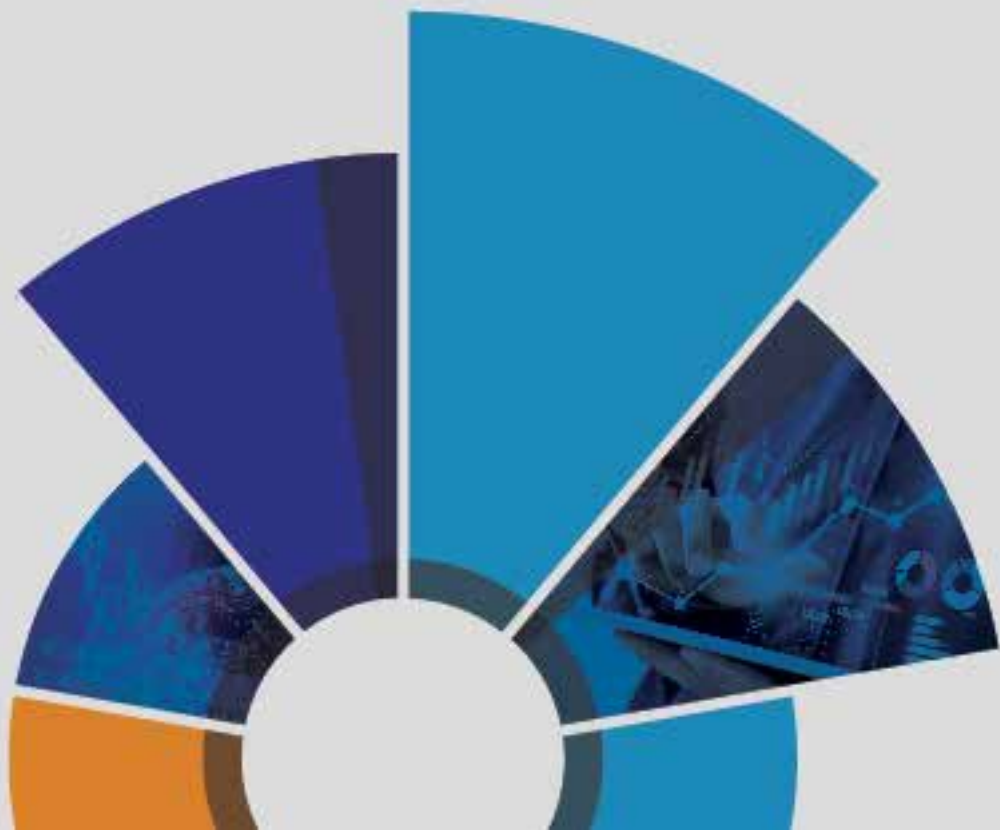
Khaled F.A.O. ALZOUMAN
Member
of the Audit Committee



Moustapha CHAMI
Member
of the Audit Committee

SECTION ONE

GENERAL INFORMATION



Corporate Profile

Burgan Bank is the solution partner of its customers.

Burgan Bank has set itself the goal of being the “solution partner for its customers”. Operating in all banking segments, Burgan Bank reaches an extensive customer group in the corporate, commercial and retail banking segments, and delivers high-quality and high added-value products and services. Burgan Bank offers services with its 1,020 employees out of 32 branches in 14 cities where economic and commercial activity is most concentrated in Turkey.

The Bank’s strategy prescribes profitable and healthy growth and its service cycle is based on the main focus of maintaining customer satisfaction.

Burgan Bank’s strategy

Its subsidiaries that are engaged in financial leasing (Burgan Leasing) and investment banking services (Burgan Securities) business lines function as complementary financial products for Burgan Bank and produce synergic cooperation.

Burgan Bank capitalizes on the extensive regional service network of its principal shareholder to produce permanent value for its customers and to deliver accurate and fast solutions to be used in the commercial relations of Turkish companies in the countries in that geography.

Moving forward with the strength derived from its dedication to banking ethics, particularly integrity, transparency, accountability and reliability, Burgan Bank prioritizes quality and customer orientation. The goal of the Bank is to establish and foster long-term relations with its stakeholders within the context of its service cycle.

The majority shareholder of Burgan Bank is strongly positioned in the Middle East and North Africa.

Burgan Bank K.P.S.C., Burgan Bank’s majority shareholder, is the youngest private capital commercial bank in Kuwait and is also the country’s second largest bank in terms of asset size. Burgan Bank K.P.S.C. commands a strong position in the Middle East and North Africa (MENA) region and is a player with strong ambition in the global economy.

Burgan Bank takes advantage of its shareholder’s extensive regional service network to generate permanent added value for its customers and to offer right and fast solutions for Turkish companies in their commercial relations with the countries in the region.

Burgan Bank’s strategy dictates establishment of long-term relations with its customers concurrently with profitable and healthy growth.

The Burgan Bank service cycle is based on the main focus of maintaining customer satisfaction.

Vision

To be the best of class financial service provider in Turkey through sustained execution of best practice, innovation and stakeholder care.

Mission

Burgan Bank is your financial partner, forming a relationship with you based on integrity and trust, to provide expert specialist financial and investment solutions that help your business and personal wealth grow.

Goals

To maximize value for all our stakeholders (clients, personnel and shareholders) by building on Burgan Bank's three pillars of client delight and care, leveraging its operational and technological capabilities and nurturing our staff. Our stakeholders value must be consistent, growth-oriented and accomplished in the spirit of the corporate governance framework.

Corporate Values

Being Us

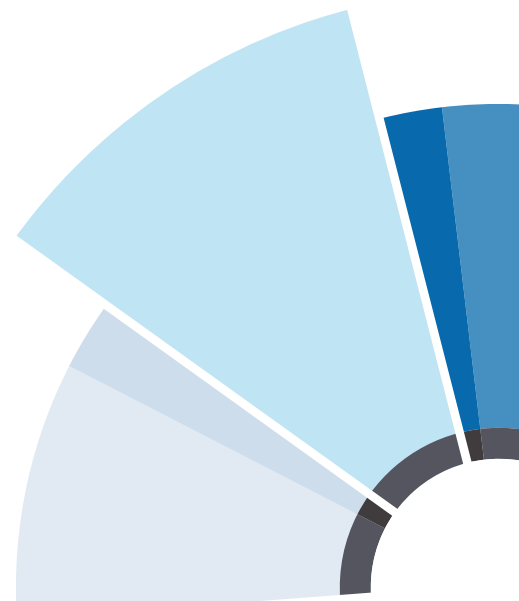
- We support each other as Burgan family.
- We work in harmony.
- We listen to each other's views and respect different opinions.
- We are open to one another; we act with fairness.

Dynamism

- We consider change as an opportunity; we comply with the changing circumstances quickly.
- We make quickly implementable decisions; we produce creative and practical solutions.
- We make a difference with alternative points of views.

To Win

- We take target-oriented actions; we set challenging goals.
- We make efforts for reaching the better; we do not give up against challenges.
- We always appreciate the efforts for reaching success.
- We efficiently use our resources while reaching our goals.



Milestones from 1989 until 2022

1989

Founded under the name of Tekfen Yatırım Finansman Bankası A.Ş., the Bank quickly became one of the sector's leading banks in corporate and investment banking.

2001

Providing services from a single branch until 2001, the Bank decided to implement an expansion strategy and deployed its knowledge in the area of commercial banking; the same year, it acquired Bank Ekspres, a midsize commercial bank.

2007

Tekfen Group and Eurobank EFG entered a partnership; following the completion of legal requirements, the Bank was renamed Eurobank Tekfen A.Ş.

2012

Burgan Bank K.P.S.C. (former Burgan Bank S.A.K.) acquired the shares in the Bank that had been held by Eurobank and Tekfen Holding on December 21, 2012, and became the majority shareholder with a 99.26% stake. Following the completion of legal amendments, the name of the Bank was changed to Burgan Bank A.Ş. with effect from January 25, 2013.

2013

Burgan Bank had substantially completed the restructuring of its infrastructure and human resources in accordance with its new shareholder's banking strategy, illustrating that it was prepared to achieve efficient and effective growth in its loan volume at a rate above the sector's average.

2014

Burgan Bank's loan and deposit volume outgrew the sector average by a large margin. The Bank achieved a sustainable profit and steady growth.

2015

The year 2015 marked a new milestone for Burgan Bank on its road map which is focused on sustainable growth and profitability.

2016

Burgan Bank has revealed its healthy financial structure and growth potential by achieving a rate of growth that exceeded the sector's average once again.

2017

Burgan Bank sustained its healthy growth, and also began taking steps towards fulfilling the requirements of the digital age and competition in the business lines in which it offers services with its initiatives in digital banking.

2018

Displaying a performance that fully overlaps with its sustainable and profitable growth strategy and targets, Burgan Bank materialized its intensive work in digital banking, and produced permanent value for its stakeholders.

2019

Burgan Bank built on its all-around support to customers and continued to generate value and enhance stakeholder satisfaction in all business lines.

2020

Burgan Bank has continued to provide its customers with its products and services without interruption in the service cycle, focused on protecting the health of its employees and stakeholders throughout the pandemic, which has extensively affected all aspects of our lives and the economy.

2021

Having produced a solid and healthy performance, Burgan Bank proclaimed the first remarkable result of ongoing investments in digital banking with the launch of ON.

2022

In a year when both global and local markets were dealing with inflation as well as an energy crisis, Burgan Bank's business lines continued their steady growth. The Bank demonstrated strong financial and operational performance during the previous period, offering a variety of products and services designed to support individuals, the real sector, and the Turkish economy at large.

Burgan Bank continued to escalate its activities in the digital banking area in 2022. In line with its focus on undertakings that internalize the concept of sustainability, the mobile banking channel ON offers a diversified, enriched value proposition whose transaction volume and customer acquisitions have grown rapidly since the channel's introduction just over a year ago.

ABOUT BURGAN BANK GROUP

Burgan Bank K.P.S.C. is an affiliate of the KIPCO Group (Kuwait Projects Company), one of the leading and pioneering groups in the Middle East and North Africa (MENA) region, and was established in Kuwait in 1977.

Burgan Bank Group is one of the key banking groups operating in the MENA region.

Besides Kuwait, Burgan Bank Group is active in Algeria (Gulf Bank Algeria), Iraq (Bank of Baghdad) and Tunisia (Tunis International Bank) through the banking associates in which it is a majority shareholder.

Burgan Bank Group, which positions our country as a growth area and a leading international financial center, is focused on creating synergy by combining its robust capitalization, high level of liquidity, international recognition and banking experience with Turkey's strength.



Summary Financial Information for the Fiscal Year

(TL thousand)	31.12.2022	31.12.2021	Change (%)
Total Assets	57,806,686	38,014,640	52.1
Loans (Net)	34,735,929	23,908,436	45.3
Securities (Net)	7,580,264	1,817,884	317.0
Deposits	40,047,920	24,634,663	62.6
Funds Borrowed and Money Market Borrowings	6,671,260	7,345,569	(9.2)
Shareholders' Equity	5,093,950	2,474,409	105.9
Guarantees and Warranties	10,108,785	7,046,550	43.5
Capital Adequacy Ratio (%)	21.0	23.16	(2.2)
	January 1, 2022- December 31, 2022	January 1, 2021- December 31, 2021	Change (%)
Net Profit / (Loss)	1,201,724	304,815	294.2

(*) In TL thousand based on unconsolidated financial statements

The Bank's Shareholding Structure, Changes in the Capital and Shareholding Structure During the Reporting Period, Titles and Stakeholding of Real Persons or Legal Entities with Qualified Shares

The Bank's paid-in capital is TL 2,655.5 million and the Bank has a capital ceiling of TL 4 billion as at year-end 2022.

In accordance with the Decision of the Board of Directors of the Bank dated May 12, 2022 and numbered 2022/19, the required permission was obtained from Banking Regulation and Supervision Agency regarding increasing the capital amounting to TL 1,890,000,000 by TL 765,500,000 to TL 2,655,500,000, being within the limit of registered capital ceiling amounting to TL 4,000,000,000, and it was notified that there is no objection for consummation of transactions regarding the capital increase. In this context, the capital amount provided by the shareholders were transferred to the paid-in capital account and it is registered and announced in the Turkish Trade Registry Gazette dated June 22, 2022 and numbered 10604.

The Bank's shareholding structure as of December 31, 2022 is presented below and there were no changes to the Bank's shareholder structure.

Company Name	Share Amount (TL thousand)	Share
Burgan Bank K.P.S.C.	2,639,882	99.41%
Other	15,618	0.59%
Total	2,655,500	100.00%

The Historical Development of the Bank, Amendments to the Articles of Association During the Reporting Period and Reasons Thereof

- Tekfen Yatırım ve Finansman Bankası A.Ş. was established as an “investment bank” with the permission of the Council of Ministers No. 88/13253 on August 26, 1988 and was authorized to finance investment and foreign trade activities. Banking operations commenced on August 7, 1989.
- Bank Ekspres A.Ş. (“Bank Ekspres”) was established with the permission of the Council of Ministers decision No. 91/2316 dated September 22, 1991, and “The Decree of Establishment Permission” was published in the Official Gazette issue 21017 dated October 10, 1991. The Articles of Association was published in the Trade Registry Gazette no. 2969 dated February 18, 1992. The Turkish Savings Deposit and Insurance Fund (“SDIF”) took over the management of Bank Ekspres A.Ş. due to the poor financial structure of the Bank on October 23, 1998.
- According to the Share Transfer Agreement signed between the SDIF and Tekfen Holding A.Ş. on June 30, 2001, 2,983,800,000 shares each with a nominal value of TL 0.01 representing 99.46% of the capital of Bank Ekspres A.Ş., in which the SDIF was a shareholder and held the management control pursuant to the Banking Law, were sold and transferred to Tekfen Holding A.Ş. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., in which Tekfen Holding A.Ş. held 57.69% of the shares, by Bank Ekspres A.Ş. was permitted by the Banking Regulation and Supervision Agency’s (“BRSA”) decision numbered 489 dated October 18, 2001. The share transfer took place on October 26, 2001 and the Bank’s name was changed to Tekfenbank Anonim Şirketi (the “Bank”), in which Tekfen Holding A.Ş. had a shareholding interest of 57.30% and TST International S.A. 40.62%.
- EFG Eurobank Ergasias S.A. (“Eurobank EFG”) and Tekfen Holding A.Ş. (“Tekfen Group”) signed an agreement on May 8, 2006, whereby Eurobank EFG would purchase Tekfen Group’s 70% stake in Tekfenbank and also Tekfen Leasing, which was fully owned by Tekfenbank, and whereby Tekfen Group would retain its strategic partnership by keeping all of the remaining shares. On February 23, 2007, the sale of Tekfenbank A.Ş. to Eurobank EFG Holding (Luxembourg) S.A. (“Eurobank EFG Holding”) was approved by the BRSA and the closing took place upon share transfer on March 16, 2007.
- Under the agreement regarding the sale of Eurobank Ergasias S.A.’s Turkey operations to Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K.), 70% of the Bank’s shares held by Eurobank EFG Holding (Luxembourg) S.A. and 29.26% of the shares held by Tekfen Holding A.Ş. were purchased by Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K) based on the BRSA permission dated December 7, 2012, and then 99.26% of the shares in the Bank were transferred to Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K) on December 21, 2012.
- At the Extraordinary General Assembly Meeting of the Bank convened on January 23, 2013, it was resolved to change the title of the Bank from Eurobank Tekfen A.Ş. to Burgan Bank A.Ş. (the Bank) and this change was registered with the Turkish Trade Registry on January 25, 2013.

Chairman's Assessment of the Fiscal Year and Outlook for the Future



Hakan Eminsoy
Chairman of the Board of Directors

The mild winter felt across Europe made it possible to manage the problems associated with the energy crisis and prevent any frightening scenarios from developing.

Dear Stakeholders,

We join in the national mourning over the Kahramanmaraş earthquake of February 6, 2023, a catastrophe that resulted in widespread loss of life and destruction. The Burgan Bank Family would like to extend our sympathy and best wishes to all those who were affected by the quake and to offer our condolences to the families of those who lost their lives as a result of this disaster. May they rest in peace. From the very start, our Bank has focused on ensuring that aid sent to the stricken region reaches those in need. We will continue to do our best to provide the support needed to heal our wounds along what we realize will be a long road to recovery. We believe that we will pull through these difficult days together.

Crises along the road to stability

The year 2022 started out amidst an atmosphere of contention, as crises arose in connection with the uncertainty surrounding the end of the Covid pandemic and predictions of inflationist trends. Then, in the middle of February, came the sudden announcement that Russia had invaded Ukraine. While the world had long been aware of this potential risk, when it actually occurred, the global economy was flung into a new and difficult period. It is difficult to say just when this period will come to an end or what effects it will have.

The first and immediate outcome of this development was a sudden rise in energy prices.

In response to the invasion, Western nations levied sanctions against Russia, one of the largest players in the global commodity and energy markets. As a result of the West's embargo, Brent crude oil prices soared to their highest levels in the past decade.

While the world in general and European countries in particular were in the throes of an energy crisis, commodity prices soared to record highs. The United States faced its highest level of inflation in 40 years, while inflation in the Euro Zone hit an all-time high.

Combatting Inflation Returns as the Top Priority

In 2022, monetary policies tightened and interest rates rose in the wake of anti-inflationary measures implemented by the major central banks, particularly by the Fed and the ECB. As of the start of 2023, the Fed had hiked interest rates by 450 basis points to 4.50-4.75%, their highest levels since 2007. The ECB began a policy of raising interest rates in the second half of 2022, increasing rates to 3.00%.

Over the same period, the UK central bank's interest rates increased by 375 basis points to hit 4.00%, their highest levels in 14 years. The negative effects on growth experienced globally were compounded by China's Zero Covid policy, which led to ruptures in supply chains.

In the face of these developments, the mild winter felt across Europe made it possible to manage the problems associated with the energy crisis and prevent any frightening scenarios from developing.

Outlook for growth - different axes and changing projections

The IMF revised its outlook for growth in its World Economic Outlook Report published in January 2023.

While growth outlook was revised upwards for the global economy and developing countries, the IMF presented a downward revision for developing countries. As a result, 2022 growth projections were 3.4% for the global economy, 2.7% for developed economies, and 3.9% for developing economies.

The IMF downgraded global economic growth for 2023 to 2.9%.

Turkey distinguished itself with its economic growth

Turkey had an overall annual growth rate of 5.6% for 2023, registering quarterly growth rates of 7.6%, 7.8%, 4.0% and 3.5% for the 1st, 2nd, 3rd and 4th quarters, respectively. Among G-20 countries, Turkey ranked third in terms of growth for 2022.

While industry was the main sector driving growth during the first half of 2022, the service sector in general and tourism in particular played major roles in the rapid growth observed for the year as a whole. Growth in consumer spending also made a significant contribution to overall growth, especially during the second half of the year. On the other hand, weakening economic activity in export markets resulted in noticeable limits to external demand.

Chairman's Assessment of the Fiscal Year and Outlook for the Future

The Consumer Price Index (CPI) inflation, which had ended 2021 at 36.1%, continued to rise over the course of 2022 in connection with price hikes reflective of both a higher exchange rate and global increases in energy and commodity prices. After reaching its highest level of 85.5% in October, the CPI inflation ended the year at 64.3%, which was the lowest level recorded in the previous nine months.

The Central Bank of Turkey (CBRT) held interest rates stable at 14% during the first two quarters of 2022 and then lowered its rate in August in order to create the financial incentives necessary to support the acceleration achieved in industrial production and the trend toward increasing employment. Through a gradual lowering of policy rates by 500 basis points, interest rates had decreased to 9% by year-end 2022.

In the wake of the devastating earthquake of February 6, 2023, the CBRT further lowered policy rates by 50 basis points to 8.5% in order to strengthen the financial incentives for supporting production and employment.

Unforeseen circumstances give rise to new risks and opportunities

The effects of the Covid-19 pandemic on the economic order triggered a series of crises in 2022.

The accommodative monetary policies and near-zero real interest rates implemented during the two years of the pandemic opened the door to high inflation and subsequent loss in welfare. The increase in economic inequality among countries created a situation that was not easily accepted by society and in certain regions led to social unrest.

With the period of cheap and available liquidity over, changes were observed in everything from spending patterns to unemployment. Especially in developed economies, under the pressure of the climate crisis, behavioral models converging on a circular economy began to replace those of fast consumption. Faced with rising prices, individuals were inclined to spend less, save more, and delay replacing used items, leading to stagnation in the sectors associated with automobile, consumer electronics and white-goods sales.

Another factor that shaped unemployment was a loss in motivation for entering work, particular among youth from households that had become accustomed to receiving financial support during the pandemic period. The phenomenon of "voluntary unemployment" sprang up across the globe, with the change in attitude towards work exemplified by "the great resignation" that took place among white-collar professionals in the West.

The series of crises arising during this period prompted an interrogation of globalization. Increasingly, globalization is expected to be replaced by a partial localization, with breakdowns in supply chains playing a large role in this assumption.

In the upcoming period, rather than price alone, the logistical advantages of manufacturers, their proximity, and the security of supply chains will be taken into greater account in deciding upon where intermediary and end products are to be sourced. The most concrete example of this change was observed in Europe in the face of natural gas shortages in 2022. Put to the test by its dependency on Russian natural gas, Europe set about changing its policies regarding future energy supplies.

Asset-based growth exceeded 55%, overall net profits for the sector reached TL 434 billion, and the ratio of non-performing loans was 2.10%.

Energy supply risks present an opportunity for Turkey as a stakeholder in the equation. While not an oil or natural-gas producer, Turkey is both a geopolitical bridge and an energy corridor. The numerous pipelines crisscrossing the country have practically transformed Turkey into a regional energy market. Moreover, the recent increase in the country's natural-gas storage capacity has strengthened its identity as a key player in and logistical hub of energy markets.

Turkey's strong industrial infrastructure also presents important opportunities and advantages. Rather than relying on distant suppliers, European companies that evaluate Turkey's manufacturers and natural resources are likely to consider them attractive alternatives.

In the face of an energy crisis, industrial manufacturers from different EU countries operating in energy-intensive industries such as ceramics, iron-steel and aluminum may gravitate towards Turkey for their production activities or choose to purchase goods produced here.

A strong future for the sector

The view summarized above indicates that the level of sectoral risk is an acceptable one and that the sector successfully maintained profitability in 2022.

According to year-end data provided by Turkey's Banking Regulation and Supervision Agency (BRSA), banking sector assets have reached TL 14.3 trillion. The sectoral real economy has been supported by TL 7.5 trillion in extended credit and a deposit volume of close to TL 8.9 trillion.

Asset-based growth exceeded 55%, overall net profits for the sector reached TL 434 billion, and the ratio of non-performing loans was 2.10%.

During this extraordinary period of back-to-back crises in the global arena, our sector successfully adapted to the regulations deemed necessary by the economic administration. Once a level of balance is achieved and these regulations secure a degree of relief, a much more robust growth will be achievable.

Our healthy financial and operational performances are drawing a road map for growth

Given the difficult conditions of 2022, our successful performance in the Turkish market has satisfied all our stakeholders, especially our shareholders.

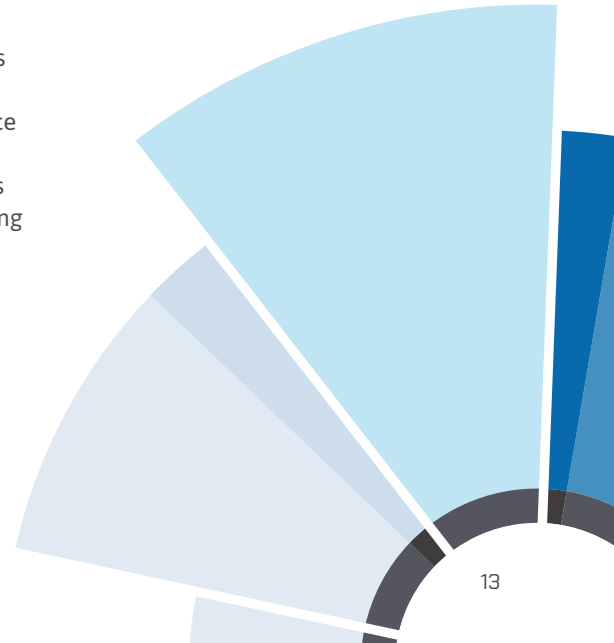
Over the course of the Burgan brand's decade of activities in Turkey, our financial and operational performance has been driven by our consolidated market experience, our competencies in evolving digital services, our growing transaction volume, our broadening customer base, and the synergy we produce at the Group level.

While the global economic projections for 2023 point to difficult conditions ahead, we believe in the opportunities for medium- and long-term growth and development for both Turkey and the region, and we are focused on and ready to evaluate the opportunities that arise using all our available resources.

On behalf of myself and the Board of Directors, I would like to thank our bank's management team and employees for their roles in our performance during 2022 and to convey our best regards to all our stakeholders.



Hakan Eminsoy
Chairman of the Board of Directors



CEO's Assessment of the Fiscal Year and Outlook for the Future



Murat Dinç
CEO

Our country's geographical location at the meeting-point of continents and its balanced stance in the sphere of international relations gives it significant advantages.

Dear Stakeholders,

The Kahramanmaraş earthquake of February 6, 2023 led to great loss of life in the 11 provinces affected.

The staff of Burgan Bank shares in the nation's profound pain caused by this disastrous earthquake.

We wish God's blessings on the deceased, send our condolences to their loved ones, and offer our best wishes for a speedy recovery to all those injured.

From the moment that we first learned of the earthquake, we have been working with all our strength to ensure that humanitarian aid reaches those in the affected area and that the wounds caused by the earthquake heal as quickly as possible.

During these difficult times, we have maintained communication with the relevant agencies and been by the side of our citizens, employees and customers affected by the quake.

I believe that solidarity will help us through this difficult period, and I extend my best wishes for a speedy recovery to our entire nation.

We are living in a fast-changing ecosystem.

We are living in a period when almost every aspect of life is undergoing constant change and rapid updating, from technology to working conditions to consumption patterns.

While we entered 2022 with great hope in the belief that we were leaving behind the two-year-long period of the pandemic, the war between Russia and Ukraine arose as a new breaking point, and a rapidly developing energy crisis and rising inflation made themselves deeply felt throughout the world.

During this time, despite the serious effects on Turkey's economy, especially in terms of inflation and current account balances, the country continued to distinguish itself by its performance in the area of economic growth.

Turkey is a large and important stakeholder in the world economy. The country's geographical location at the meeting-point of continents and its balanced stance in the sphere of international relations gives it significant advantages. With its logistical significance, powerful industrial and manufacturing structure, advanced technology and communication infrastructure, and productive work force, Turkey is not only an important regional base of production, it also stands out as a secure transit point for the supply of energy.

During this period of great fluctuation and change, our sector has once again demonstrated its resilience and productivity.

Burgan Bank made great strides forward in reinforcing its share and brand value in 2022.

In the face of the rapid changes summarized above, Burgan Bank's strong financial and operational outcomes for 2022 satisfied its shareholders, with basic performance indicators exceeding the established goals.

As in 2021, in 2022 the bank carefully executed a risk-centered growth strategy and approach to liquidity management, which features strong hedging. Moreover, the bank continued to make strides in the area of customer service, improving its already high levels of customer satisfaction.

In 2022, Burgan Bank was able to harvest the fruits of our long-term investments in technology. This was the year in which the bank managed to clarify its strong position in the digital-centered, innovative banking universe and draw a well-defined road map for growth. Together with its subsidiaries, the bank has established an ecosystem with strong foundations, and its highly productive performance within this ecosystem played an important role in consolidating shareholder value.

Our bank stood by our retail and real-sector banking customers, offering them uninterrupted financing opportunities with optimal conditions to meet their personal, production, and commercial needs.

The close and trustworthy relations we developed with our customers and the uninterrupted support we provided them under the extraordinary circumstances of the pandemic was a factor in assuring the loyalty of our stakeholders during the recovery process, as our relationships transformed into deepening collaborations offering long-term mutual benefits for everyone.

I'm pleased to say that our performance in 2022 and our shared added value are the result of our forecasting ability, sound decisions and effective execution.

Burgan Bank's unconsolidated assets grew to TL 57.8 billion in 2022, while the bank's consolidated assets grew to TL 63.7 billion.

As of the end of 2022, the Bank had consolidated cash loans amounting to TL 39.5 billion, with the share of net cash loans and leasing receivables balanced at 62% of its consolidated financial statements.

The bank carefully protected the high quality of its portfolio and its level of collateralization while registering a growth in credit extended during 2022.

It also continued to develop its deposit base, expanding its consolidated deposits by 63% to TL 39.7 billion. Deposits accounted for 62% of the year-end consolidated balance sheet for 2022.

Our bank's equity continued to present more than enough internal leverage required for organic growth. Unconsolidated and consolidated capital adequacy ratios at year end were 21% and 19%, respectively.

Burgan Bank registered a pre-tax consolidated profit of TL 1.7 billion for 2022, while its after-tax net profit was TL 1.2 billion. In addition to increasing our profits in 2022, our bank recorded a strong 30.07% rate of return on capital performance.

The added value generated by the products and services we provide under the integrated structure of the Burgan brand have satisfied our bank as well as our stakeholders.

Our financial achievements summarized above, realized under conditions of high inflation, are the result of our competencies and our focus in providing real-sector and retail financial services.

Corporate and commercial banking continued to represent our main line of business in 2022. At the same time, the Bank met its growth targets for foreign trade, cash management and currency-protected deposit products.

Burgan Bank takes an integrated approach towards servicing our corporate and commercial banking customers, who exhibited a sound loan performance in 2022. Our Bank also increased its business volume and demonstrated strong profitability in this area.

Our private banking activities also continued to make a healthy contribution to our growth and revenue. Not only did non-deposit investment products attract increasing attention in 2022, currency-protected deposit products showed strong activity among our private banking customers, and targeted volumes for these products were easily reached.

The synergy created through our collaboration with Burgan Securities played a large role in our success in 2022, during which time we rolled out numerous new products for our private banking customers. Our integrated investment consulting services featured prominently in this regard, with our Treasury and Operation services also making a strong contribution to our achievements in the area of private banking.

Our ability to offer integrated, high-value-added services hastened our achievements, and we registered significant increases in non-deposit assets entrusted to us by our customers.

Our leasing products and services, provided through our partner Burgan Leasing, was another business line that showed exemplary synergy and growth.

Not only did our financial leasing business line demonstrate high growth in general, our small machinery equipment financing, a product we offer to our export and manufacturing customers, attracted a high degree of attention.

Burgan Bank registered a pre-tax consolidated profit of TL 1,768 million for 2022. Our bank recorded a strong 30.07% rate of return on capital performance.

Burgan Leasing's strong portfolio and track record points to another area that serves our bank's strategy of contributing to the real economy. With its ability to reach large numbers of SMEs throughout Turkey, Burgan Leasing possesses a very important distribution channel through which to transfer our resources.

Fleet rentals are another area in which our financial leasing business line has witnessed productive growth. With over 3,000 vehicles as of the end of 2022, Burgan Leasing possessed the most extensive vehicle fleet in Turkey. Our effective and agile approach allows us to meet the car-rental needs of a wide range of customers, especially Burgan Bank's corporate and commercial clients. We are determined to use our financial might to push our already leading position in the car-leasing arena to new levels and increase its share in our overall revenues.

Burgan Leasing's strong collateral portfolio registered healthy growth in 2022, with financial leasing contracts, business volume, and revenues all reaching record levels.

Burgan Securities, our partner in the area of investment banking and capital markets, also demonstrated an impressive performance in 2022.

Supported by its investments in technology, branch activities and rapid growth in human resources, our newly restructured company increased its client register as well as its transaction volume. Productive and profitable performances in terms of stock, treasury and credit transactions made a valuable contribution to our overall success.

We expect the synergy we have created with Burgan Securities to be extended even further during the upcoming period.

We are drawing the roadmap for growth in digital banking and quickly putting our investments into operation.

Burgan Bank's primary area of growth lies in digital banking.

ON, our digital banking brand, exhibited a performance above and beyond our expectations, making a significant contribution to our transaction volume, customer numbers and banking revenues.

With ON, we have been able to quickly and convincingly make our presence felt in the digital banking arena.

A concrete outcome of our decisive investments in technology over the past three years, ON has entered into its productive phase to become a growth channel for Burgan Bank's retail banking activities.

With the establishment of the remote authentication facility in line with changes in legislation enacted by the BRSA in 2021, digital banking in Turkey entered a new era. The changes opened an important door for small- and medium-sized banks interested in expanding their retail banking operations.

Aware of the rapid evolution in market conditions, Burgan Bank had long been preparing for a new technology-based infrastructure. With the enactment of these important regulatory changes, we accelerated our investments in digital banking. Our expanded IT team, reinforced with an extended sphere of competencies, has been able to register great achievements in a short period of time. Our Call Center and direct sales teams have also played a large part in ON's success.

Burgan Bank has developed a digital ecosystem that features hundreds of retail sales points forming a synergetic collaborative network. We've made quick inroads into the market for instant cash loans, and we're now competing successfully on the same playing field as large commercial banks.

In 2022, we acquired over 300,000 retail customers, increasing our retail credit volume tenfold.

Our bank is continually adding to its range of digital products and currently offers both digital deposit products and investment banking services through ON, our new-generation digital banking platform.

We take pride in ON's being the recipient of one of the most prestigious awards in the sector.

Among the 'Best Digital Banking Awards for 2022' handed out by the magazine Global Finance, which presents annual awards for achievements in banking services, Burgan Bank's digital banking brand ON received the award for 'Best Digital Banking Platform'.

On behalf of our management team, I would like to take this opportunity to thank all the internal and external stakeholders who made contributions to the creation of our digital brand ON and carried it forward to its current success.

The Future is Digital!

We firmly believe that there is huge potential for the development of digital banking in Turkey in the upcoming period. In line with this vision, we are determined to raise our brand equity to new heights in the digital banking landscape, an area in which we have already been quick to make our mark.

We are also determined to be a driving force in the field of open banking.

Not only do we possess the most advanced technology of any bank in our benchmark group, the Burgan Bank Group is focusing on digital banking as one of its top priorities.

In this regard, we are also happy that our highly capable team is able to contribute to our Group's IT projects.

We are constantly developing our competencies and shared know-how within our collaborative ecosystem, and we plan to put them to good use in service of growing and increasing the productivity of our IT power.

Dear stakeholders,

Following my brief discussion of our accomplishments in 2022, I'd like to touch on our approach as well as our achievements in the areas of good governance and strategic implementation.

Good governance and strategic implementation

The successes we laid claim to in 2022 were not a simple matter of luck, but the fruits of proper, analytic management and strategic implementation.

While continuing to maintain our top performance in the area of balance sheet management, our Bank demonstrated a high level of proficiency in risk management under the difficult conditions of 2022, with an approach involving even greater caution and prudence than usual.

We fulfilled to the letter all regulatory requirements, protected our high liquidity, and maintained the good collateralization of our loan portfolio.

Credit concentrations were optimally and appropriately managed in terms of segment, geographical distribution, and sectoral axes.

Despite successful operational management, the inflationary conditions that emerged as a result of global market conditions had a

In line with our belief that human beings are at the foundation of all success, from its inception, Burgan Bank has viewed our work force as our most valuable asset.

noticeable effect on expenses. However, even though operational expenses created a relative burden during this period, by keeping a close eye on our cost bases, we were able to ensure that our operational expenses increased at a level below the average for the banking sector as a whole.

Moreover, during this period, our bank was able to maintain a healthy balance in terms of operational ratios and register success in terms of structural scale and performance, with criteria such as number of branches and employees offering a clear demonstration of our competence in managing productivity.

In this regard, one factor I'd like to single out because I consider it to be especially important is our investment in IT, which is continuously contributing to our productivity. We believe that as our scale and volume increase, our IT investments will act as leverage to ensure our continuing accelerated growth.

We're proud to have earned a 'Happy Place to Work' certificate

Creating a happy workplace requires listening to our colleagues and taking into account their wishes and their needs. To ensure that our work culture is able to thrive, our bank implemented an 'Employer Brand' project. In addition, our bank was awarded a one-star Happy Place to Work certificate based on the results of the Happy Place to Work survey, a research tool that uses a people-focused HR approach.

In line with our belief that human beings are at the foundation of all success, from its inception, Burgan Bank has viewed our work force as our most valuable asset. We know that a happy, comfortable workplace is the key to productivity and success. In 2018, we initiated employer branding activities under four main headings - career, development, the future, and living - all revolving around the central message, 'Burgan Stands by You'. Our work atmosphere is characterized by its frank communication and synergy, which creates a dynamic environment in which our colleagues' energy and potential can shine.

A look into the future

The present conjuncture is one in which there is only a limited view of what to expect in the future.

It appears as if conditions and developments in the global economy in 2023 will resemble those of the previous year.

We firmly believe that our country will continue to grow and distinguish itself by making use of its structural advantages and strategic location within the region.

The Burgan brand will continue to grow by building on its sturdy foundations and diversified strategy for growth. Our well-structured business plan and strategy, developed with the strong and continuous support of the Burgan Bank Group, will enable us to lay claim to further achievements together with our partners.

Burgan Bank's workforce is strongly motivated, possesses a powerful feeling of belonging, and is happy to be part of the Burgan team. Through their contributions, we are determined to be even more productive in the future.

On behalf of myself and our management team, I would like to thank our team for their extraordinary performance in 2022, and to convey my highest regards to our valuable customers, who have chosen the Burgan brand and entrusted us with their wealth management.



Murat Dinç
CEO

Top Management



L-R: Cemil Özkan, Aslı Koçer, Halil Özcan, Tangül Koçer, Aydın Yusufoğlu, Tuba Onay Ergelen, Darço Akkaranfil, Levent Ergin, A. Murat Dinç, Cihan Vural, Banu Ertürk, Yener Yazlalı, Esra Aydın, Zeynep Bozkurt, Erdal Arda Türerer, Serhan Taylan, Kerem Sözügüzel

An Overview of 2022

Highlights...

- Burgan Bank's unconsolidated asset size stood at TL 58 billion by the end of 2022 while the consolidated figure was TL 64 billion.
- The Bank's net unconsolidated net cash loans were recorded as TL 35 billion while the consolidated net cash loans and leasing receivables were TL 39.5 billion.
- As of year-end 2022, the share of net cash loans and leasing receivables in the balance sheet was 62% on a consolidated basis.
- Burgan Bank manages its credit risk with a careful and prudent approach. In 2022, the Bank preserved the sound collateral structure in parallel to the growth secured in loans.
- The securities portfolio amounted TL 7.5 billion on the basis of unconsolidated financial statements.
- Burgan Bank continued to improve its deposit volume in 2022. The Bank's deposits increased to TL 40 billion on an unconsolidated basis and to TL 39.7 billion on a consolidated basis. The growth rate was 62.6% on an unconsolidated basis and 63% on a consolidated basis. Deposits accounted for 69% and 62% of the balance sheet according to unconsolidated and consolidated financial statements, respectively.
- The Bank strengthened its core capital with its capital increase in 2022 and continued to support its equity with its increasing profitability. The capital adequacy ratio as at year-end stood at 21% on an unconsolidated basis and 19.09% on a consolidated basis.
- As of the end of 2022, the Bank's consolidated profit before tax was TL 1,768.7 million and its net profit after tax was TL 1,201.7 million.
- At year-end 2022 Burgan Bank had a physical service network of 32 branches and a total of 1,020 employees.

DEVELOPMENTS AND ACHIEVEMENTS BY BUSINESS LINES

CORPORATE AND COMMERCIAL BANKING

Strong contribution to Turkish economy and companies

Burgan Bank's Corporate and Commercial Banking maintained its service-oriented approach in line with its goals for 2022, keeping a steady focus on developments in the Turkish economy and the banking sector in order to continue meeting corporate financing needs.

In 2022, the Bank completed the work required to increase the efficiency of foreign-trade transactions and offer

the fastest and most effective cash-management solutions possible. The cash-flow services the Bank offered its customers as part of this process supported deposit and loan growth.

Burgan Bank's ideal understanding of its customers' needs and expectations allowed it to recommend the most convenient solutions and the most appropriate channels in accordance with changing market conditions. The Bank stood by its customers, helping them to effectively evaluate opportunities and manage financial risks.

Offering quick and secure solutions

With a vision of being a best-in class service provider in the financial services sector, Burgan Bank strives to create innovative services and products to contribute to its stakeholders' value creation. In 2022, Burgan Bank continued to undertake the necessary investments on development and marketing to offer up-to date solutions.

In 2023...

Burgan Bank's Corporate and Commercial Banking business line aims to expand its business volume and continue to grow together with its customers in 2023. Within the framework of effective risk management, the Bank is determined to produce financial solutions to meet the demands of our customers, supporting their long-term projects as well as their daily financial needs. Our expert staff is ready to offer quick and trustworthy solutions in the areas of cash management and foreign trade.

CASH MANAGEMENT

Achievements designed to increase business volume

In its approach towards collection and payment products and services, Burgan Bank's Cash Management Department takes on board developments in the digital world in a way that meets its customers' needs and demands.

Burgan Bank provides effective and efficient service, responding to customer demands in a quick and solution-oriented manner. By making use of the technological opportunities available, the Bank aims to ensure that its customers benefit from the most advanced solutions when conducting their banking transactions. In 2022, the Bank concentrated its efforts on its Direct Debit System (DDS) in order to further improve customer experience when it comes to products like

institutional collections and payment checks.

Transaction numbers and volume rose throughout the year, as new main companies joined the DDS. In line with these developments, continuing customer-referral activities were conducted in order to increase the number of participating dealers in line with the increase in main companies.

Throughout the year, the Bank worked hard to increase business volume by securing new customers and by expanding its intermediary banking activities as the "preferred bank" of the customers already in its portfolio. As a result of this systematic effort, Burgan Bank experienced real growth in priority areas, including payment checks, Social Security Institution collections and DDS products.

ON's contribution

ON also contributed to an increase in the number and volume of corporate invoice-collection transactions in the retail segment during 2022. In 2023, the Bank aims to utilize ON as an effective means of increasing customer acquisitions and transaction volumes.

Innovations in Supplier Financing

Work on developing the Supplier Financing System infrastructure was completed in 2022. This will allow the Bank to offer its customers financing solutions with the most favorable conditions by enabling vendors to

convert receivables related to sales of goods and services to purchasers into cash without having to wait for invoice due dates.

The number of new partnerships agreements signed with local governments increased, and joint activities in the area of revenue collection continued, with new payment options added to our online collection system.

Full compliance with regulatory changes

Burgan Bank was able to quickly harmonize activities in line with the new regulations relating to the sector that were enacted in 2022, completing the systemic changes needed to ensure that customers can continue with problem-free usage of products. The Bank has also speeded up technological activities designed to allow customers to complete payments and collections faster and more productively within the framework of their own business models. As in many other areas of activity, when it comes to Cash Management, Burgan Bank understands the importance of providing a service model that is fast, secure, and completely in line with the needs of its customers.

By concentrating on

Work on developing the Supplier in 2023, the Bank aims to incorporate buyers and sellers into the system, acquire new customers, and conduct cross-selling.

Work on developing the Supplier Financing System infrastructure was completed in 2022.

Burgan Bank is well placed for global trade. With its experience and recognition in the MENA region, especially in Kuwait, the Bank is able to provide guarantees and create financing opportunities for its customers.

FOREIGN TRADE

A trustworthy partner

By closely following global and national economic developments in 2022, Burgan Bank was able to offer unique solutions to its customers involved with foreign trade. During this period of geopolitical risks and global economic constraints, the Bank's solid capital structure and extensive network of correspondents allowed it to maintain its position as a consultant bank with the ability to 'produce solutions' in the area of foreign trade.

Customer numbers rose, and foreign-trade transaction volume continued its trend of double-digit growth in US dollars.

Burgan Bank's foreign trade competencies are shaped by the bank's team of foreign-trade experts, who understand that each customer transaction and demand is unique and who can present customers with customized solutions; by its foreign-trade relationship managers, who provide customer service at bank branches; and by its flexible corporate structure, which allows the Bank to respond promptly to its customers' financing needs and demands relating to regulatory and technical issues.

Increased efficiency with CBRT and Eximbank loans

With its solid capital structure, Burgan Bank was able to continue offering strong support to exporters in 2022 by meeting their financing needs with loans funded by the Bank's own resources in addition to the export-oriented loans available through Turkey's Central Bank and Eximbank. Burgan Bank offered structured products for financing, providing its customers with individualized solutions designed to minimize export risks. In addition, the bank offered its clients one-to-one instruction on regulatory changes, ensuring that bank customers continued to take advantage of opportunities in the quickest and best way possible.

Achievements earned through expertise and customer focus

The ability of Burgan Bank's structure to adapt quickly to change enables the Bank to respond to its customers' foreign trade-related demands through all its service channels without interruption.

Through the Bank's Foreign Trade Advisory Line, 0 850 222 6200, information on international law, local regulations, payment methods, documents, delivery formats, letters of guarantee, SWIFT, and other subjects of interest for companies engaged in

foreign trade is just a phone call away. In 2022, the Foreign Trade Advisory Line was accessed by Burgan Bank customers and non-customers alike.

The Bank also organizes training activities and conferences and publishes quarterly foreign-trade bulletins to answer questions and offer important information that can help companies better manage risks. In addition, the Bank has prepared foreign-trade packets that bundle together some of the most frequently used foreign-trade products at favorable terms that cost less than paying for each service separately.

Burgan Bank is well placed for global trade. With its experience and recognition in the MENA region, especially in Kuwait, the Bank is able to provide guarantees and create financing opportunities for its customers. In this way, Burgan Bank contributes to its customers' safe and profitable entrance into new markets.

Supporting digital solutions

To ensure that its achievements in digital banking are reflected in the activities of the corporate and commercial segments, Burgan Bank is continuing to make investments in technological infrastructure. The Bank aims to offer digital solutions that will enable its business customers to complete all aspects of their foreign-trade transactions and track their activities in the easiest and safest ways possible.

About the Future

With investments designed to improve customer experience and the speed, quality and trustworthiness of its services, Burgan Bank's foreign-trade portfolio will continue its accelerated growth in 2023. The Bank will continue to be a service-provider offering solutions with a team of foreign-trade experts, and it will prioritize acquiring new customers and deepening relationships with existing customers.

Turkey has exhibited accelerated growth in foreign trade, and Burgan Bank not only expects this strong growth to continue in 2023 and beyond, it is determined to continue its contribution to this growth with its products and services.

WEALTH MANAGEMENT

Increase in customer base and assets under management.

Strengthened by its team of experts who prioritize customer needs and expectations, Burgan Bank Wealth Management is intent on providing quality service. In 2022, Wealth Management continued its efforts to increase its customer base and establish itself as the bank that middle-to-upper-segment customers choose for managing their savings.

In 2022, the number of Burgan Bank Wealth Management customers who belong in the middle-upper segment rose by 25% as their assets increased by 56%.

Customer loyalty and satisfaction are of utmost importance for Wealth Management, which continues to offer customers new products and services through various channels. In this respect, a mobile application was launched to allow digital approval of customer instructions, documents, and contracts.

In addition, the currency-protected deposit products effectuated by the Treasury, Finance Ministry, and Central Bank of Turkey have been made available on Internet Banking, mobile application, as well as through its branches.

Advanced consultancy services

Wealth Management continues to stand by its customers, helping them reap advantages from various opportunities apart from financial services.

For example, in 2022, education consultancy services were added to the list of consulting services already available for taxes, art investment, and travel. Education consultancy services

offer support in international schools for the children of Wealth Management customers. The service includes the detection of career targets, choosing appropriate schools and supporting on related procedures.

All consultancy services are provided to Wealth Management customers by experts in a particular area. Especially the tax consultancy services on offer have been met with a high level of customer satisfaction by private banking customers.

Furthermore, a payback program has been initiated for spendings made at veterinarians, movie theaters, and airport parking, as well as for purchases made on digital platforms with the Private Banking Debit Card.

Bancassurance

Bancassurance activities continue to offer an integrated financial experience to bank customers as well as bank employees, enabling them to benefit from many unique and new insurance services with special privileges.

Burgan Bank Insurance Platform was launched in order to simplify all processes related to insurance and within the year, a credit-linked life insurance product was launched for digital channels.

In 2022, the number of Burgan Bank Wealth Management customers who belong in the middle-upper segment rose by 25% as their assets increased by 56%.

The number of customers using ON jumped over the year to 350,713, representing an increase of 88% in 2022 while deposits and loans grew by 160% and 981%, respectively.

Insurance and individual retirement product sales and post-sale services are submitted with the MetLife Retirement Life and ViennaLife Retirement Life companies. Insurance products other than life insurance are provided through Gulf Insurance, AXA Insurance, Generali Insurance, Mapfre Insurance, and HDI Insurance companies. The bank's insurance income increased by 126% in 2022.

Investment services

Wealth Management has contracts with 14 asset management companies to ensure that Burgan Bank customers have a wide range of opportunities in terms of mutual funds and continues growing in line with growth in the mutual fund sector. Mutual funds and non-deposit assets showing a 52% increase over the previous year.

With investment advisory services provided by Burgan Securities, Wealth Management customers have been advised for their assets with different investment products in Turkey and overseas according to their risk appetite.

Through its joint activities with Wealth Management, Burgan Securities Wealth Management customers continue to grow their assets by investing in equity and futures markets.

Burgan Bank's Wealth Management customers served by Burgan Securities had a 203% growth in 2022, which corresponded to a 444% increase in managed assets.

DIGITAL BANKING

ON: One-year growth beyond expectations

From the moment that it was launched, ON has been investing in technology and offering innovative service models to customers, making it a digital platform of choice for customers in the digital banking sector. The number of customers using ON, especially the mobile app, jumped over the year to 350,713, representing an increase of 88% from 2021 to 2022. Moreover, the advantageous rates offered to customers resulted in annual growth rates of 160% for deposits and 981% for loans.

Burgan Bank's ON brand was created to offer digital banking, with the mobile app as its central and most important channel. With customers spending most of their time in a mobile environment, the Bank, in line with its customer-centered approach to banking, is continuing to invest vigorously in the mobile app.

Celebrating ON's one-year anniversary with an award

After just one year of implementation, ON has celebrated its first year with a streamlined, personalized interface that conforms with new user trends in mobile applications. The new interface has won praise among users in app markets.

With the improvements that were made in terms of both transaction sets and user experience, the ON Digital Banking platform was chosen as the winner of Global Finance's 'Best Digital Platform' award for 2022.

ON user needs and feedback have been regularly reviewed since the digital banking platform was first launched, and ongoing market analysis has allowed for swift intervention. Since the bank's agile organizational structure has internalized the digital approach to banking, improvements in transaction variety, user experience and design of a new service model were realized through projects undertaken with an agile approach.

Performance highlights

From the very start, ON's experienced team has provided customer-centered service. The healthy growth and success of the platform can be attributed to its rapidly developing network of dealers and a working model that refuses to compromise on service quality.

The technological investments and marketing strategies implemented throughout the year, along with the special opportunities and co-operative ventures offered to customers for ON's first-year anniversary, contributed greatly to the platform's performance in terms of growth.

Customer experience was made central to the investments made in the digital banking platform, which was enriched by a range of products and a variety of mobile app functions.

A comparison of figures for January and December 2022 shows a 257% increase in the number of mobile app users, which grew to 137,000.

Through the introduction of new products and campaigns, the Bank has nearly tripled its market share of digital customers. In 2022, the market share of customer applications and acquisitions rose to 3.24% and to 3.45%, respectively, when compared to the previous year.

Growth and competition in the digital banking segment continued during 2022. Not only did the number of contracted firms participating in the ON digital Banking platform increase, the advantageous interest rates offered for purchases of white goods and furniture contributed to a 117% growth in consumer loans. In addition, automobile loans grew by 394%, and volume displayed by the Migros channel increased by 607%.

The Alternative Sales Channel witnessed a 48% growth in active digital banking customers, with 97% of business conducted on credit.

We've enhanced the ON platform with new products and services

ON continued to improve and develop user experience in the realm of mobile applications and internet banking, introducing customers to a digital world that makes transactions easy.

With Burgan Bank's own ATM's supplemented by those of co-operating banks, Burgan Bank offers a wide network to meet the expectations of its customers. In addition, customer support is available through our Communications Center, which features interactive voice response (IVR), and via social media and video chat.

In order to better respond to customers' cash needs, in 2022, the bank introduced a new digital loan product that features special pricing and insurance options. The Bank expects its Digital Banking Active Sales Channel to play an important role in the growth of personal loans during 2023.

The bank has also improved customer experience by developing an easily used password-acquisition feature that lets customers select their own passwords.

'Invitation to ON', a friend-referral campaign conducted through the ON mobile app, was designed to be a win-win initiative that offers rewards to both existing and new customers.

About the future

In a world undergoing digitalization, the ON Digital Platform aims to continue creating strong value propositions with added value for all customer segments. In line with the principle of inclusive banking, the Bank will continue offering products and services to all its customers, from its upper-segment clients to its youth customers, in support of financial literacy.

The design and preparations for a new service model that were conducted during 2022 are expected to generate excitement throughout the sector in 2023.

By paying attention to international developments as well as the needs of customers, the ON Digital Banking Platform also aims to offer customers the utmost in simplicity when it comes to a banking transaction experience. Moreover, the Platform intends to increase the self-service opportunities it offers its customers through the Communication Center, allowing them to benefit from the same full range of banking services that are available digitally.

A comparison of figures for January and December 2022 shows a 257% increase in the number of mobile app users, which grew to 137,000.

In 2022, Burgan Bank's Asset-Liability Management Department employed a solid liquidity strategy and a management approach that strictly monitors maturity mismatch risks.

TREASURY, CAPITAL MARKETS AND FINANCIAL INSTITUTIONS

The highest inflation in recent times

In 2022, the majority of countries in the world registered their highest levels of inflation of the past decade.

Consumer inflation in the United States rose to 9.1%, its highest level in 40 years, while the Euro area and UK saw levels of 10.6% and 11.1%, respectively. In order to rein in the high inflation that occurred in conjunction with a historic low in unemployment and substantial price hikes, global monetary policy underwent a sharp reversal, beginning with policy measures implemented by central banks of developed countries. The Fed raised policy rates in sharp increments throughout 2022, ending the year with rates between 4.25%-4.5%, representing an increase of 425 basis points. The ECB implemented a 100 basis-point increase, raising rates from -%0.50 to %0.50. A slow and gradual shrinkage process has started in both the Fed and the ECB's balance sheet size. Growth worldwide slowed down throughout the year as a result of tightening financial conditions, the energy crisis triggered by the tensions between Russia and Ukraine, and high energy and food inflation.

Tight monetary policies are expected to continue in 2023

Tight monetary policies are generally expected to continue in 2023. Although global inflation appears likely to drop, it will undoubtedly remain at historically high levels. Forecasts suggest that the global slowdown will become more pronounced, with some developed countries possibly experiencing short-term periods of recession.

In 2022, consumer inflation in Turkey was at 85.5%, its highest level since the 1990s. Towards the end of the year, however, inflation dropped to 64% under the effects of a high base, a drop in world energy prices, and stable foreign exchange rates.

Monetary policy has continued to support economic activity under the framework of the Turkish Economic Model implemented by the government as of the end of 2021 with the aim of stimulating exports, production, investment and employment.

A policy of 'Lira-ization' and 'selective' credit growth was observed under the enacted regulations. In 2022, the policy rate was lowered by 500 basis points to 9%, and with the effects of the new regulatory regime, long-term bond yields declined towards 10%.

Efforts to comply with regulations relating to selective loan-growth criteria as well as those designed to gradually increase the ratio of currency-protected and TL deposits on bank balance sheets to 50%, 60% and 70% within the scope of Lira-ization have had an effect on the costs of loans, deposits, and other financial products.

TREASURY AND CAPITAL MARKETS

Asset-Liability Management and Capital Markets

In 2022, Burgan Bank's Asset-Liability Management Department employed a solid liquidity strategy and a management approach that strictly monitors maturity mismatch risks.

Not only did the Bank enjoy a 62.5% increase in the volume of deposits over the previous year, it was able to extend its liability terms by utilizing resources from abroad to diversify its balance-sheet liabilities.

A careful approach was taken towards the implementation of new regulations, and compliance was achieved. Increases in liquidity and costs created a pressure on net interest income that was offset by superb management of credit and capital markets.

The Capital Markets Department continued as always to make a strong contribution to the Bank's profitability. In interest and foreign currency markets, tactical trading positions were taken in response to opportunities presented by global developments.

Treasury Sales and Marketing

In 2022, the Treasury Sales Department helped to ensure harmonization with policies designed to support the conversion of foreign exchange to Turkish Lira, especially within the framework of the Lira-ization strategy. The Department made a valuable contribution to meeting the established targets, quickly adapting to the new regulations with a fast and successful roll-out of new products in response to the needs of customers and business partners.

About 2023...

In 2023, as the end of the cycle of global interest rate hikes approaches, a high degree of volatility in financial markets is expected in connection with continuing geopolitical risks as well as Turkey's presidential and parliamentary elections. Given this conjuncture, targets will be set throughout the year that feature tactical and easily reversible positions in both interest and foreign exchange markets.

FINANCIAL INSTITUTIONS

USD 3.1 billion in foreign trade transactions

With its accumulated expertise in the area of foreign trade, Burgan Bank has been able to use its strong shareholder network and extensive network of correspondents to present quick, boutique services to its customers in spite of difficult market conditions, once again demonstrating its resolve in this arena.

The Bank's foreign trade volume reached USD 3.1 billion in 2022, an increase of 23% over the previous year.

Burgan Bank mediates its customers' foreign trade and payment transactions with a dynamic and pro-active approach using its banking expertise. The Bank continues to develop new relationships with correspondent banks and international financial institutions and to deepen existing ones.

Burgan Bank's customer-centered approach to banking is in line with the underlying dynamics of Financial Institutions. Cooperating with institutions in different locations on transactions and offering alternative suggestions to meet the correspondent bank needs of importers and exporters are among the basic principles of the Department.

As an extension of Turkey's export strategy, the Bank has become a strategic partner for customers in a difficult geography. In order to fulfil this mission by providing more comprehensive service, in 2022, Burgan Bank established the foundations of cooperation with the Asia Development Bank (ADB), the Asia Infrastructure Investment Bank (AIIB), the African Bank for Development (AFDB), and other high-level national institutions.

Burgan Bank took a number of significant steps forward in 2022 in relation to imports. In addition to signing an agreement with the US Exim Bank, Burgan Bank worked with correspondent banks to develop tailor-made solutions that will enable its customers to import raw materials, intermediate products, and other goods at competitive prices.

As in previous years, the Bank's balance sheet for 2022 included a significant level of resources secured through the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD) as well as funds obtained directly from international financing banks.

Burgan Bank will continue to grow its balance sheet in 2023, developing relations with correspondent banks in existing and new regions, working to develop attractive funding resources, and offering even faster service and alternative, competitive solutions to meet the needs of its foreign trade customers.

The Bank's foreign trade volume reached USD 3.1 billion in 2022, an increase of 23% over the previous year.

The primary mission of the Operations and Management Team is to provide high-quality service as fast as possible, and by taking advantage of technological resources, the Team is taking this mission to a higher level.

OPERATION AND MANAGEMENT SERVICES GROUP

Burgan Bank's Operation and Management Services Group is comprised of:

- Branch Operations
- Central Operations
- Foreign Trade Operations and Product Management
- Construction & Real Estate
- Real Estate Appraisal and Survey
- Fund Management and Securities Operations
- Security
- Administrative Affairs

The Group took an active role in various projects undertaken to enable digital execution of certain activities.

Within the framework of the Robotics Process Automation (RPA) solutions begun in 2021, a number of operational processes are now performed using robotics. Not only has this automatization of transactions allowed the Bank to offer faster customer service, the increase in workforce productivity has made it possible for the Bank to develop and launch new products.

The system was quickly brought in line with regulatory changes, work flow was harmonized, and operational services continued uninterrupted.

Foreign-trade Operations and Product Management conducted training activities both on-line and on-site at customer workplaces.

The Bank has done everything necessary to adapt to a hybrid work model without sacrificing quality of service, and the entire team was able to work in shifts without any noticeable disruptions in their activities.

A number of process-improvement activities were implemented in order to increase the quality of service provided at branches, improve the speed of delivery of customer services, and increase customer satisfaction.

By effectively and efficiently conducting the activities in its areas of responsibility, the Operations and Management Team is helping to achieve the defined targets established in line with Burgan Bank's strategies.

The primary mission of the Operations and Management Team is to provide high-quality service as fast as possible, and by taking advantage of technological resources, the Team is taking this mission to a higher level.

HUMAN RESOURCES, ORGANIZATION AND CORPORATE COMMUNICATIONS

At the heart of Burgan Bank's vision, mission and goals lies its commitment to maximize and share the value contributed to its stakeholders who are its customers, employees and shareholders. The pivotal assets supporting Burgan Bank in creating value are its corporate culture that has been founded on the knowledge and experience accumulated and developed throughout the years, and its human resources.

The key components of the Burgan Bank corporate culture can be summed up as follows:

- An understanding that prioritizes fulfillment of customer needs and expectations above all else and that makes a difference,
- A fast, effective and target-oriented business conduct,
- A fair and transparent business relationship based on trust and integrity,
- A modern working atmosphere that fully respects human dignity.

Underlying Values of Burgan Bank Corporate Culture: 'Being Ourselves, Dynamism, Winning'

Burgan Bank's corporate culture is embraced as the focal and reference point for organization and process management, acquisition and management of talent, performance management, compensation and benefits management, labor relations, training and development management, which make up the basic functions of Human Resources.

The Bank's corporate culture is built on three fundamental values jointly defined by high-level management and employees: 'being us', 'dynamism' and 'winning'. In a survey conducted among employees, 66.6% cited these three values as corresponding to their experience.

Management trainees are being trained through Development Center Programs in order to reinforce the corporate culture and to raise the future management team of Burgan Bank. Competent new graduates are trained and recruited with this approach mentioned above.

In 2022, a total of 333 employees joined the Burgan Bank family, including the subsidiaries.

HR Policy, Burgan Bank Employer Brand Project and Employee Value Proposition

Burgan Bank aims to be an organization that is the priority choice of employees, that employees feel proud to belong to, that has goals and that shares its success with its people. Enriching the existing working culture and experience is critically important for ensuring the sustainability of the preferred employer identity.

With the objectives of making sure that employees have a working experience that is aligned with the employer brand pledge, enriching the existing employee touch points and becoming an attractive workplace, the Employer Brand Project went live in October 2018.

The pledge of the employer brand is spelled out as "to be a boutique bank that sure-footedly grows, presents its employees with a dynamic environment to reflect their energy and potentials, makes candid communication as its main principle and prioritizes fellowship".

In line with its slogan, 'Burgan Stands by You', the Employee Value Proposition is focused on making sure that employees feel that the Bank is standing by them in everything they experience. The Proposition was designed based on the principle that the Bank is an institution that supports the development of its employees, enveloping them in an atmosphere of friendship and kindness that allows them to thrive.

Assessment of the year 2022

Burgan Bank introduces practices that enrich the employee experience and boost employee engagement based on four main points identified as "career, development, future and life".

The annual Employee Perceptions - Employer Brand survey asks employees if they would recommend working at Burgan Bank. The percent of employees who answered 'yes' to that question rose from only 40.2% in 2017 to 77.5% in 2022. In addition, when asked, 'What's the first idea that comes to mind when you think of Burgan Bank and its partners?' the response that stood out the most was 'trust'.

In 2022, a total of 333 employees joined the Burgan Bank family, including the subsidiaries.

Based on its response to the Happy Place to Work survey of 2022, Burgan Bank earned a '1 Star Happy Place to Work' certificate.

Burgan Stands by You is 4 years old

Burgan Bank Employer Brand Project completed its fourth year. The new practices introduced in connection with the Burgan Stands by You employer value proposition are intended to promote an enjoyable working environment and sense of belonging in the organization, and to support professional development and training.

Based on its response to the Happy Place to Work survey of 2022, Burgan Bank earned a '1 Star Happy Place to Work' certificate.

For the category Happiest Employer-Banking, the survey reached 142,320 professionals employed in different sectors. The research process also included a competition in which 214 of the 321 companies nominated by their employees took part. The results were published in the April 1, 2022 issue of Capital magazine. Of the participating banks, Burgan Bank was the only one deemed worthy of the 'Happiest Workplace in the Banking Sector' certificate.

Burgan Bank also places great importance on communicating with youth. Employees and managers of the IT Management team participated in a variety of online and physical activities that were conducted in order to identify talented youth, especially those with skills in the area of technology.

Burgan Bank's human resources profile:

- The average age of employees at Burgan Bank is 38.
- Employees have an experience in the sector of 12.5 years in average.
- 49.6% of the employees are women.
- 84% of employees hold an undergraduate or higher degree.

Training and development activities at Burgan Bank

- Banking technical know-how and skills,
- Management and Personal Development,
- Mandatory trainings and certifications,
- Orientation and on the job training programs.

In 2022, average training day per employee was 4. 54% of total training hours were provided by internal trainers. In addition, the HR Executive Vice President led a "Self-Awareness" training program for the entire management team as well as workshop activities for the IT management team.

The webinar training catalogue, which is supported by in-house trainers, and

the Learning From Each Other Program, which allows employees to share their areas of expertise, continued to be offered online, with the addition of new subjects. Discount agreements were drawn up with universities for foreign language courses and Master's degree courses in 2022. The "Corporate Coaching Program" for all employees on a voluntary basis, and the "Meeting Experience Mentoring Program" for high potentials with mentors from senior management, were also provided.

Activities making important contributions to the Burgan brand

The Burgan Bank Corporate Communications Department made a significant contribution to brand value and reputation in 2022 by conducting important projects and organizing events designed to promote the Bank's corporate identity.

The one-year anniversary of Burgan Bank's digital banking Brand, ON, was celebrated with a variety of events. Advertising campaigns were conducted on different media platforms as part of the communication activities of the Brand, which has made significant accomplishments in the short time of just one year.

Burgan Bank's IT spokespersons came together with engineering students, technology enthusiasts and sectoral professionals in order to raise awareness. The Bank established synergy with the sector by conducting online and physical conferences, panels and interviews with youth throughout the year and by acting as a sponsor of Webrazzi 2022.

Within the framework of a new sustainability project, department meetings were conducted and a gap analysis and prioritization survey completed, while Situation and Gap Analyses are continuing.

Highlights of Other Activities

In 2022, Burgan Bank supported employees who took part in corporate sport tournaments and amateur competitions.

Burgan Bank takes pride in its sailing team, which it continued to sponsor throughout the year. The team, made great achievements in 2022, bringing home a number of different trophies. The Bank's football and basketball teams also participated in various inter-company tournaments.

Social welfare projects were jointly conducted with civil society organizations for special occasions like Women's Day, Mothers Day and Fathers Day. These special days were celebrated by making contributions to AÇEV, Darüşşafaka and KEDV.

Events such as executive meetings and New Year's Eve parties held within the company increased employee motivation and loyalty, creating a common synergy in the workplace.

Burgan Life magazine has been reaching employees for 6 years!

The Bank's new developments, events, and achievements were communicated to employees on a quarterly basis through its illustrated magazine, Burgan Life.

INFORMATION TECHNOLOGY

In 2022, Burgan Bank Information Technology (IT) continued to focus on customer satisfaction, speed and quality of service, digitalization, and developments in the field of human resources. New initiatives were launched in the digital arena, with priority given to providing

uninterrupted, errorless service in tandem with increases in customer and transaction volumes.

Customer satisfaction

Adding product-based capacity and priority planning to the request-tracking ability of both the Bank and product teams made it possible to register the functions with the highest gain on a product-by-product basis. As of October 2022, 93% of information technology requests had been transformed into technologies usable by Burgan Bank's teams.

Fast, high-quality-service

Both the speed and quality of IT service increased during 2022. The completion of infrastructure and technology investments led to a tenfold increase in transaction volume and data capacity.

The expansion of the DevOps line permitted end-to-end tracking of the vast majority of applications through the system. A high percent of applications were transferred to Kubernetes technology.

As of October 2022, 93% of information technology requests had been transformed into technologies usable by Burgan Bank's teams.

Many projects in the digitalization process at Burgan Bank were completed in 2022.

Digitalization

Burgan Bank completed the following projects in 2022 as part of the digitalization process:

- Member Get Member
- Loyalty Management Infrastructure
- Insured Digital Loans
- Integration of new insurance products
- Prometeia integration
- Supplier Financing
- Check Intelligence
- ALT- XAU, XAG Spots and Derivative transactions
- DDS Investments
- ITSM Transition

ON Extra Credit, Roboadvisory, and transformation of the Mobile Interface are among the ongoing critical digitalization projects that were initiated in 2022.

Human Resources

Activities undertaken in relation to Burgan Bank IT brand value in 2022 include seminars, podcasts, and interviews conducted with both management and employees.

Improving Efficiency

The efficiency of Burgan Bank's digital channels continued to increase over the course of the year, with the mobile, web, and call center the preferred service channels for retail customers.

Customers were granted easy access to credit through the Burgan Mobil, On Mobil and web channels, and a variety of loyalty applications were offered with the aim of increasing customer attachment.

Burgan Bank IT in 2023

Activities geared towards increasing customer satisfaction, sustaining digitalization projects and investing in new technology will continue in 2023.

In order to develop the independent, autonomous, initiative-taking and results-focused orientation of Burgan Bank's team dynamics, projects will continue to strengthen the cultural foundations of IT.

INTERNAL AUDIT DEPARTMENT

Audit activities based on a risk-focused approach

Burgan Bank's Internal Audit Department consists of Finance and Operational Processes Audit, Credit and Business Processes Audit, Quality Assurance Review Function and Information Systems Audit teams.

Internal Audit Department aims to enhance effectiveness and adequacy of risk management and internal control systems, safeguard the Bank's assets and ensure efficient use of resources and assure that the Bank fulfills its strategic goals.

Internal Audit Department reviews the Bank's as well as its subsidiaries' activities by adhering to international auditing standards throughout an independent and risk-based perspective.

2022 Annual Audit Plan was successfully completed.

Within the framework of the annual audit plan, 5 branch audits, 14 process audits and 6 information-systems audits were conducted in 2022. With the completion of the mandatory information-systems audit added to the annual audit plan in September 2022 by its legal deadline of March 2023, a total of 7 information-system audits will have been conducted within the framework of the 2022 audit plan.

In addition, the Bank's subsidiaries and outsourced support service providers were audited.

The Board of Directors, the Board Audit Committee and the senior management were regularly informed of the results of audit activities.

Advisory services

Within the scope of advisory services, the Internal Audit Department provided proactive support to activities enhancing risk management and internal control systems in relation to launch of new products and services, in addition to the major projects that the Bank and its subsidiaries completed in 2022.

Besides, the Internal Audit Department provided advisory services within the scope of review of policies, IT security and outsourced services, procedures, job descriptions of the Bank and subsidiaries and handling of customer complaints.

A structure fully compliant with International Standards for Internal Auditing

A Quality Assurance Review Study conducted by an independent consultancy company found that the activities of Burgan Bank Internal Audit Department and its place and processes in the organization were in compliance with the International Standards for Internal Auditing.

In 2022, in line with the International Standards for Internal Auditing, the Internal Audit Department continued to encourage internal auditors to obtain International Certified Internal Auditor (CIA) and other professional certifications awarded by the Institute of Internal Auditors and other professional organizations. As of December 31, 2022, Internal Audit Department operates with 20 employees, 35% of whom hold at least one professional certification awarded by the Institute of Internal Auditors or other professional organizations.

Audit methodologies improved over the last two years

In line with the new audit strategy launched two years ago, the Internal Audit Department has started to carry out process audits within the framework of agile project management principles. The methodology allowed the Internal Audit Department to more effectively perform its assurance and consultancy activities concerning the efficiency, adequacy and effectiveness of the internal control environment associated with the processes carried out by the Head Office, subsidiaries and branches.

In 2022, the Internal Audit Department continued to review its charter, procedure, audit methodology and reporting standards, in line with the changes in regulations and international best practices. The Internal Audit Department invested in computer assisted audit techniques and data mining areas by aiming to utilize technology at the highest level in order to perform an effective audit engagement.

Internal Audit Department operates with 20 employees.

Regular on-site branch reviews were completed at 24 branches. In addition to the branch on site reviews, spot controls subject to business/information systems processes were completed at the head office.

Activities carried out at the Bank's subsidiaries

The Internal Audit Department oversees the audit activities at Burgan Leasing and Burgan Securities, conducted by these subsidiaries' internal control and audit functions, and provides necessary technical and advisory support. In addition, the Internal Audit Department performs regular audits at these companies as they are already included in the Bank's audit universe, in line with the risk assessment results.

Activities to detect and prevent fraud

During 2022, in addition to planned audit activities, Internal Audit Department conducted several examinations and special investigations. According to the "zero tolerance" attitude of the Board of Directors and the Board Audit Committee towards fraud, internal fraud suspicions are always investigated irrespective of the amount involved. External fraud cases and operational loss events above a certain threshold amount are investigated.

The Internal Audit Department has a dedicated 24/7 phone line and an e-mail address for reporting of tips regarding fraud, irregularities and corruption directly to the Internal Audit Department.

INTERNAL CONTROL DEPARTMENT

Risk based sustainable service with on-site and remote access

The mission of Burgan Bank's Internal Control Department (ICD) is to design second level internal control activities concerning relevant banking operations, contribute to the improvement of the internal control system and carry out independent secondary level control activities covering the main risks in the organization in coordination with the relevant business units in order to establish an effective and adequate internal control system.

The Internal Control Department conducted periodic and spot monitoring, examination and control activities of branches and head-office units within the scope of the 2022 annual control plan. Activities were conducted both remotely and on-site with a risk based perspective and sampling methodology. Within this framework, regular on-site branch reviews were completed at 24 branches. In addition to the branch on site reviews, spot controls subject to business/information systems processes were completed at the head office.

Additionally, the Internal Control Department conducted specific process examinations and control activities for new products and services introduced to customers in 2022 and for changing channels and activities, along with the potential risks that might result therefrom.

The Internal Control Department offered suggestions to the relevant business unit managements in order to improve the control environment and permanently resolve the relevant problems. ICD also followed-up on the required action plans. ICD carried out necessary studies in relation to testing the first level key controls of the relevant main banking and information systems processes within the scope of Management Declaration study. Moreover, ICAAP validation study was performed by ICD. At the same time, the Internal Control Department co-ordinated external and legal audit studies conducted within the framework of various regulatory requirements (e.g. Information Systems and Business Processes Independent External Audit, the BRSA-Individual Analysis and Rating Model-BAM).

In 2022, the Internal Control Department performed control activities for examining the efficiency and adequacy of the internal control environment relating to the Bank's practices and procedures for Precious Metals Responsible Supply Chain and prepared the relevant Compliance Report.

The ICD also coordinated the internal control units' activities at the Bank's subsidiaries, Burgan Leasing and Burgan Securities. Information Systems Control Unit performed spot control activities relating to information security management processes of Burgan Securities.

Within the scope of the annual Internal Control Review (ICR) studies conducted at the Burgan Bank Group level, annual process reviews regarding the adequacy and the effectiveness of the Bank's internal control environment were conducted in coordination with the Internal Control Department and the results were reported to the Bank and Group Audit Committee and the Board of Directors.

Increased efficiency with new information-systems controls and technological investments

The Information Systems (IS) Control Unit under the Internal Control Department (ICD) carried out its activities under the supervision of the IS Control Unit Manager. This ensured that IS controls were diversified with a much more specialized point of view and the effectiveness of the controls was increased.

Along with this, audit studies were conducted together with the Internal Audit Department within the framework of the Information and Communications Security Guide published by the Presidency Digital Transformation Office.

In 2022, ICD continued to make the relevant investments in necessary technology aimed at increasing the effectiveness of the control and examination activities conducted by the ICD. Besides, ICD continued the development of new additional control scenarios on the data analysis and reporting platform.

ICD continued the studies to use and expand Robotic Process Automation (RPA) technology for more periodical controls in order to increase the effectiveness and productivity of control activities while reducing both errors and costs. In this context, in 2022, RPA testing activities were completed in up to 30 scenarios, focusing especially on the areas of Retail/Commercial/Corporate loans, deposits, accounting and legal reporting, and the relevant control points were implemented.

Support for important banking projects implemented in 2022

As part of its consulting activities, the ICD kept supporting the major Banking Projects launched in 2022 for improving processes associated

with new products and services, increasing operational efficiency, and enhancing the effectiveness of the risk management and internal control.

As part of consultancy, ICD provided opinions regarding the updates and changes made in existing and new internal guidelines (policies and procedures).

Besides training programs on "Anti-Fraud and Forgery" provided to Bank staff for improving awareness, the ICD has continued to provide "Anti Money Laundering, Know Your Customer and Combating the Financing of Terrorism" seminars to branch staff with the coordination of AML Compliance Unit during the Branch on-site reviews. The Internal Control Department encourages its employees to obtain local and international professional title certificates issued by the relevant organizations.

In 2022, the Internal Control Department also carried out a number of examination and control activities on compliance with the Banking Ethical Principles, Disciplinary Regulation of the Bank and the Bank's Code of Conduct Policy.

RPA testing activities were completed in up to 30 scenarios, focusing especially on the areas of Retail/Commercial/Corporate loans, deposits, accounting and legal reporting, and the relevant control points were implemented.

Working groups for major regulatory changes were constituted to monitor the Bank's compliance in this respect.

COMPLIANCE DEPARTMENT

The Compliance Department continued with its main activities in 2022. The Customer Data Protection and Compliance Unit, founded under the auspices of the Department in 2021, widened its scope of activities, especially within the framework of bank internal awareness and regulatory obligations.

The Regulatory Compliance Unit:

- Constituted working groups for major regulatory changes and monitored the Bank's compliance in this respect,
- Published regulatory amendments in periodic bulletins distributed across the Bank,
- Prepared memos on important regulations that were distributed to related business lines,
- Monitored the Bank's compliance risk using legislation follow-up module,
- Assessed and approved systemic development demands with legal purposes in order to prioritize those that are mandated under the legislation,

- Continued the necessary consultancy services in coordination with the relevant business units and the consultant firm within the scope of our bank's sustainability project,.
- Prepared training presentations regarding the current regulatory amendments to increase personal awareness of the regulatory framework.

The AML Compliance Unit:

Under the Laws on Prevention of Laundering Proceeds of Crime, Financing of Terrorism, the Law Regarding the Prevention of Proliferation of Weapons of Mass Destruction and related national and international legislation, the AML Compliance Unit continued its risk measurement, evaluation, monitoring, control and reporting activities in 2022 in order to carry out compliance activities, manage compliance risks and establish compliance risk culture. Information about these activities is summarized below.

Training Activities

Initiatives were carried out to raise increased awareness of the Bank's employees of the prevention of laundering proceeds of crime and financing of terrorism, international sanctions and foreign accounts tax compliance laws (FATCA and CRS); accordingly, internal training was provided within the frame of the annual

training plan. Additionally, within the framework of annual training planning, in-house trainings were carried out and the level of awareness was increased through announcements and bulletins.

Monitoring and Control Activities

In order to fulfill the commitments of the Bank within the scope of compliance activities, control and monitoring activities regarding customer acquisition processes, financial and non-financial transactions of customers, correspondent banking relationships and transactions, product, service and service channels continued with the use of computer-aided programs.

In addition, FATF decisions and international sanctions that affect Turkey in the international arena are closely monitored.

Activities conducted with the Bank's partners

Within the framework of the Financing Group Compliance Policy developed in connection with the Law on Financial Crimes, in 2022, in order to ensure that Burgan Leasing and Burgan Securities operate in compliance with Group AML policies, consultancy and guidance was provided to the Bank's subsidiaries in all matters, thereby achieving the requisite uniformity in procedures and implementation.

Conformity to the Group Standards

Within the scope of the AFCP (Anti-Financial Crime Program) activities carried out under the leadership of Burgan Bank Kuwait, the Group's policies and procedures were updated as necessary.

New Projects and Implementations with Increased Efficiency

System development studies that started in 2022 continued to improve the processes regarding customer acceptance, customer risk classification and periodic customer reviews.

During the year, activities were initiated to expand the AML scenarios used by the AML Compliance Unit. The current improvement project, first undertaken in 2022, is ongoing.

Burgan Bank believes that effective fight against the laundering proceeds from crime and financing of terrorism is an effort that requires the involvement of all employees, and carries out its activities along this line.

Customer Data Protection and Compliance Unit

Established in 2021, the Unit's mission is to provide the necessary coordination, supervision and consultancy to ensure compliance of Burgan Bank's goals and strategies and its activities carried out in this direction with the regulations and standards of legal authorities within the frame of applicable data protection regulations and principally the Banking Law and the Personal Data Protection Law (PDPL).

Major activities carried out by the Unit:

- National and international developments and the regulatory framework were followed up and necessary information sharing was realized across the Bank within the scope of the Personal Data Protection Law (PDPL), Banking Law and other applicable legislations,
- PDPL impact analyses were made in regards to new product and service developments/business processes, and the Unit participated in necessary technical and administrative studies/projects to provide consultancy,

- Training documents were prepared to raise the awareness of employees regarding protection of customer data/personal data,
- Implementation of the rules and policies regarding data sharing with 3rd parties were supervised,
- The Unit participated in studies concerning preparation/updating of legal texts about data protection legislations,
- Studies were carried out with an external consultant on the review of various business and information systems processes for compliance with the regulations in the field of Personal Data Protection Law (PDPL),
- Necessary studies was coordinated to meet the demands directed by data subjects within the scope of PDPL.

During the year, activities were initiated to expand the AML scenarios.

Preparation of the Bank's Internal Capital Adequacy Assessment Process (ICAAP) report was coordinated by Risk Management Group.

RISK MANAGEMENT

In 2022, the Risk Management Group continued its risk definition, measurement, monitoring and reporting activities on solo and consolidated basis, using methods which are in compliance with the regulation while also taking international standards / best practices as references.

ICAAP reporting

Preparation of the Bank's Internal Capital Adequacy Assessment Process (ICAAP) report was coordinated by Risk Management Group. Capital adequacy ratios were assessed in view of certain specified base-rate and stress scenarios and regulatory changes are taking into consideration.

The 2021 ICAAP and Stress Test reports as well as the related validation and auditing reports were reviewed and approved by the Risk and Auditing Committees and presented to the BRSA following approval from the Report Administrative Board.

Credit and Market Risk

In terms of credit risk, in addition to periodic internal and regulatory reports and analyses, credit portfolio review, stress test and scenario analyses studies were carried out in order to analyze the possible effects of the developments in the markets on Burgan Bank. Impact analyses were

conducted to determine the direct and indirect effects of regulatory changes on credit and market risks, and the relevant calculation modules were updated according to the new regulations. Annual validation and calibration for corporate and commercial rating model was performed. Independent validation and calibration study was conducted for retail scorecard developed by a consulting company.

In order to effectively manage market and liquidity risks in the markets, the senior management was supported through more frequent scenario analyses and stress tests which include different scenarios. In 2022, the reporting frequency was increased for market and liquidity indicators.

Operational Risk

Within the scope of the management of operational risk employing the three lines of defence approach under the risk management policies approved by the Board of Directors, the Bank continued to record the operational risk events in the operational risk loss database, to monitor and report them; to define, collect and monitor the key risk indicators for monitoring risks that may serve as an early warning signal for major risks within the scope of creating the bank's operational risk profile; to conduct Risk Control and Self-Assessment workshops for assessing

the operational risk exposure and existing controls and for determining mitigating actions; to manage Crime and Professional Liability Insurance, Cyber Insurance and Directors & Officers Liability (D&O) insurances within the scope of the transfer of operational risks; to assess and giving opinions on operational risks might be exposed regarding the procurement of support and outsourcing, new products and services and to make suggestions for their mitigation, and to monitor the necessary actions that are/need to be taken.

In order to ensure business continuity In case of a disaster, business impact analyses were updated and annual business continuity / disaster recovery tests were carried out with the participation of business units and information technology teams. All these works provide organizations' readiness of technical infrastructure and business processes. The Operational Risk Committee headed by Risk Management Executive Vice President and comprised of -top level Business Units, Information Technology and Internal Systems management met regularly in order to evaluate operational risks with significant potential to affect the risk profile of business-line and information-technology functions and to effectively monitor any actions taken in this regard.

Burgan Finansal Kiralama A.Ş. (Burgan Leasing)

44% growth in a challenging year

In 2022, total assets of Burgan Leasing grew by 44% to TL 7.5 billion. The Company's capitalized net leasing receivables reached TL 4.1 billion. Burgan Leasing booked a net profit of TL 276.9 million at end-2022.

Disruptions in the global supply chain, uncertainty of energy costs and worries over a global recession led investors to take a cautious approach towards growth, resulting in a much more deliberate policy of investment spread out over time. Despite the fact that production capacity did not increase in line with expectations, Burgan Leasing registered significant achievements. With its sectoral expertise and a management structure designed to produce fast and flexible solutions, Burgan Leasing was able to increase its market share of transactions in the TL 500 thousand -TL 1.5 million range to 9.7% and garner 8.1% of the market share of transactions in the TL 1.5-4.0 million range.

During this period, the company protected the quality of its assets by working with its vendor partners to produce pro-active, flexible solutions for its customers. By maintaining its high-quality customer profile, Burgan Leasing continued to register healthy growth.

Targeted products for 2022: Vendor-Referred business (vendor channel) and fleet rental

In 2022, Burgan Leasing focused on growing vendor channels and equipment investments as well as its fleet-rental portfolio, its targeted products for the year.

With a strategy for growth centered around SMEs active in fields requiring knowledge and expertise of specific equipment and brands, Burgan Leasing increased its shares of both individual and volume markets in 2022.

The Fleet Rental business line continued to focus on customers with large-scale fleets. Its contract renewal rate of close to 100% is further proof of its high-quality service and customer satisfaction.

Burgan Leasing's outstanding products

With its quick decision-making capabilities and solutions that can be adapted according to individual needs, Burgan Leasing presented financial solutions to a wide range of clients in the recently targeted equipment groups. In line with its choices of strategic equipment, the company focused on transactions in the areas of business and construction, metal industry, export-oriented textiles and fleet rentals.

Aiming to grow its customer base

In 2023, Burgan Leasing aims to continue with the same growth of its equipment-based customer base that it enjoyed in 2022.

With its human resource competency, healthy financial structure, and the strong support of its main shareholder, Burgan Bank, the company will continue to grow and remain a sectoral innovator in the financial leasing sector.

Moreover, in 2023, Burgan Leasing will continue to increase its investments in information technology in order to provide faster, easier, environmentally friendly and sustainable services. Similarly, it will invest further in human resources, the most significant factor in growth.

In 2022, Burgan Leasing focused on growing vendor channels and equipment investments as well as its fleet-rental portfolio, its targeted products for the year.

Burgan Yatırım Menkul Değerler A.Ş. (Burgan Securities)

103% rise in the number of customers

Burgan Securities' 2022 investments in next-generation technology were integrated with the knowledge and experience of its team of seasoned, effective managers and employees. With a 103% increase in the number of customers, customer assets grew by 354%, and combined income from commissions and loans grew by 76%.

In line with an increase in work volume and growth, the Company's human resources, consisting of expert and professional employees, grew by 150%.

A record year for Istanbul's stock exchange

2022 was a record year for the Istanbul stock exchange, with a peak in transaction volume and a 196.57% return on investments for BIST 100 index investors. According to data provided by the Central Registry Agency (CRA), the Istanbul stock exchange attracted 1,427,457 new investors in 2022. While the majority were involved in stock transactions, shares in derivatives also increased in 2022.

With as much as a 29% contraction in foreign exchange rates in 2022, the Istanbul stock exchange succeeded in attracting small investors in search of profits. This attention was compounded by the poor performance of gold, foreign stock markets and, in particular, cryptocurrency.

New synergy with Burgan Bank

Successful integration with Burgan Bank in the area of order transmission intermediation made it possible for the Bank's customers to open accounts with Burgan Securities and perform transactions through digital channels. In 2022, 95% of investment accounts were opened via digital channels.

In the upcoming period, Burgan Securities will continue to increase the synergy between itself and Burgan Bank in all its procedures. Synergy between the Bank's retail and commercial customer segments and the ON digital banking channel is expected to produce a significant multiplier effect for growth in these areas.

Advisory approach

Burgan Securities offers one-on-one investment advisory service to its clients with a net worth of above TL 250,000 upon their request, and also expanded the scope of its services rendered digitally to clients with a net worth of less than TL 250,000.

Digital channel clients are able to perform equity and derivative trading via Burgan Securities Virtual Branch and its mobile app that features biometrics log-in, and carry out transactions such as public offering, fund, reconciliation, money transfer and the like. They can also access 13 research reports issued regularly, up-

to-date model portfolio suggestions, and basic and technical analyses of all equities traded on BIST at any time they wish.

In 2023...

In 2023, fluctuations are expected on the Istanbul Stock Exchange, whose performance may be affected by the general elections in Turkey as well as possible changes in the CBRT's monetary policy in response to global developments. However, given its potential for high profits and its discounted appearance in comparison to stock exchanges of other countries at similar stages of development, the Istanbul stock exchange is expected to continue to attract investors. New IPOs throughout the year and the high growth potential of companies on the Istanbul stock exchange are other factors that may be expected to heighten its appeal to investors.

In 2023, Burgan Securities will continue to develop its product-service-consultancy value proposition, keeping a close eye on market developments and carefully tracking our customers' investment preferences.

The firm is preparing to offer customers options for global market transactions during the first half of the year. During the second half of the year, the Burgan Trade mobile app will be revised, operations will begin in the area of portfolio management, and service channels as well as the range of products on offer will be expanded.

In 2022, Burgan Securities significantly increased the number of customers, customer assets, and combined income from commissions and loans.

Information on the Bank's Personnel and Branch Number, Types of Services, Fields of Activities, and Evaluation of the Bank's Position in the Sector Based on These

With a total of 32 branches composed of 8 retail branches, 1 corporate branch and 23 mixed branches, along with the internet banking application, a call center and 1,020 personnel, Burgan Bank provides high value added banking products and services in corporate and commercial banking, small business banking, retail banking, private banking and factoring, as well as in leasing and investment banking through its subsidiaries.

The Bank's market shares in the sector in terms of key indicators are presented below.

TL million	December 31, 2022		
	Burgan Bank	Sector*	Burgan Bank's Share (%)
Cash Loans	33,862	7,580,668	0.45
Customer Deposits	39,491	8,861,858	0.45
Number of Branches	32	11,026	0.29
Number of Employees	1,020	203,702	0.50

*Source: BRSA (Banking Regulatory and Supervision Agency) data as of December 31, 2022

Principal amount balances excluding interest receivables.

R&D Practices Related to New Services and Activities

Burgan Bank introduced new services to its customers and carried on with its product research and development activities in 2022.

Digital Banking

In 2022, a new digital credit product featuring custom pricing and insurance options was launched in order to better respond to customers' cash needs. The Bank expects its Digital Banking Asset Sales Channel to play an important role in the growth of retail credit in 2023.

In terms of developing user experience, improvements were made to the password acquisition flow that allows customers to easily assign their own passwords.

With the launching of 'Invitation to ON', both existing and new customers benefited from this win-win friend-referral campaign offered through the ON Mobil app.

Information on Benefits Provided to Top Management

The top management of the Bank is composed of the Members of the Board, the General Manager, Senior Executive Vice President and Executive Vice Presidents. The sum of benefits paid to the top management in the current period totaled TL 58,202 thousand (December 31, 2021: TL 30,343 thousand) which includes total gross salaries, travel, meal allowances, health insurance, life insurance, vehicle expenses and other expenses.

As of December 31, 2022, total benefit which was provided to top management, was provided to following groups as a salary package: TL 25,842 thousand to Board Members and the General Manager (1st Group), TL 21,339 thousand to Chief Financial Officer (CFO), Internal Systems Vice President (CIA) and Chief Risk Officer (CRO) and first 5 managers who receive the highest salary (2nd Group).

Information Concerning Legal Action Taken Against the Bank Which May Affect the Financial Status or Operations of the Bank and Their Possible Results

As of December 31, 2022, the total amount of legal action taken against the Bank stood at TL 10,036 thousand (December 31, 2021: TL 25,843 thousand) and the Bank sets aside a provision of TL 6,175 thousand (December 31, 2021: TL 7,279 thousand) regarding these risks.

Explanations with Respect to Administrative or Legal Sanctions Imposed on the Bank, Members of the Board or Top Management in Connection with Acts or Procedures in Violation of the Codes

None.

Sum of Financial Benefits Provided Such As Daily Allowances, Salaries, Premiums, Bonuses or Dividends

The sum of the Bank's personnel expenses totaled TL 544,249 thousand as of December 31, 2022 (December 31, 2021: TL 270,349 thousand), while the Bank set aside a provision of premiums and leaves amounting to TL 114,086 thousand (December 31, 2021: TL 40,897 thousand) to be paid to the Bank's personnel.

SECTION TWO
**INFORMATION ON
MANAGEMENT AND
CORPORATE GOVERNANCE
PRACTICES**



Board of Directors' Summary Report Presented to the General Assembly

Dear Shareholders,

Drawing the strength of the Burgan Bank Group, our Bank targeted stable growth in its activities in 2022. In this context, Burgan Bank pursued its banking activity in accord with the Turkish Commercial Code, tax legislation, the Banking Law, Banking Ethics, the "Know Your Customer" and Suspicious Transaction, provisions and the Competition Laws and Guidelines.

In formulating its risk policies, Burgan Bank aims to enhance the total benefit for its shareholders and customers, with keen consideration of risk-sensitive capital management principles and liquidity factors. Internal audit and risk management systems are being developed in line with the BRSA's guidelines.

In 2022, the Bank realized the necessary organizational changes and investments in line with its efficiency and effectiveness notion, intensified its customer-oriented activities via its 32 branches countrywide and digital banking channel and with its 1,020 employees, and successfully satisfied all of the financial needs of its corporate, commercial and retail customers with its effective pricing policy and rich product range. As well as its expanding balance sheet,

the Bank also effected significant improvements, which will further strengthen its performance in the future in terms of product and service portfolio, the number of customers and the structure of service channels.

As of December 31, 2022 the Bank's total assets were recorded as TL 57,806,686 thousand with an increase of 52.1%.

The Bank's gross cash loans increased by 41.5% to TL 36,781,908 thousand, and its customer deposits increased by 65.2% to TL 39,871,117 thousand.

As of December 31, 2022, 60.1% of our assets consisted of loans, 13.1% of securities and 17% of cash, CBRT and bank placements.

69.3% of our total liabilities consisted of deposits, 11.5% of loans and money market debts, including subordinated loans, and 8.8% of equity.

The equity of our bank reached TL 5,093,950 thousand with equity capital, including contribution capital, reaching TL 8,490,494 thousand, the capital adequacy ratio was 19.09% on a consolidated basis and 21.00% on an unconsolidated basis, remaining above the sector average.

While the Bank's 2022 pre-tax profit was TL 1,651,186 thousand, its net profit after tax was TL 1,201,724 thousand.

Burgan Bank has everything it needs to remain on course as a bank that generates long-term added value for its stakeholders. A unique blend of knowledge and experience, disciplined approach to business, superior quality human resources and effective risk management make our Bank an excellent financial institution capable of creating value for its stakeholders.

I take this opportunity to thank, both personally and on behalf of the Board of Directors, those who have contributed the most to our success; our colleagues for the dedicated efforts and our customers for the confidence in and loyalty to our Bank.

I hereby submit for your consideration and approval Burgan Bank's independently audited financial statements dated December 31, 2022.

Very truly yours,

THE BOARD OF DIRECTORS

Names & Surnames, Terms of Office, Area of Responsibility, Academic Backgrounds and Professional Experience of the Chairman of the Board of Directors, Director and Members of the Audit Committee, General Manager and Vice Presidents, and Heads of the Units under Internal Systems

Name and Surname	Position	Date of Appointment to Office	Academic Background	Experience in Banking or Business Administration Prior to Appointment to Office (Years)
Chairman and Members of the Board of Directors:				
Emin Hakan Eminsoy	Chairman	07.08.2019	Bachelor's Degree	34
Abdelkarim A. S. Kabariti	Vice Chairman	04.11.2021	Bachelor's Degree	32
Mehmet Alev Göçmez	Member	23.01.2013	Master's Degree	33
Khaled F.A.O. Alzouman	Member	13.06.2019	Bachelor's Degree	31
Hasan Kılıç	Member	10.06.2021	Bachelor's Degree	32
Fadhil M. GH. A. Abdullah	Member	03.12.2021	Bachelor's Degree	32
Mohammad M. A. H. S. Almael	Member	03.12.2021	Master's Degree	22
Moustapha Chami	Member	15.06.2022	Master's Degree	19
Ali Murat Dinç	Member and CEO	03.02.2014	Master's Degree	21
Chief Executive Officer:				
Ali Murat Dinç	Member and CEO	03.02.2014	Master's Degree	21
Deputy Chief Executive Officers:				
Suat Kerem Sözügüzel	Corporate and Commercial Banking	01.04.2014	Master's Degree	17
Zeynep Bozkurt	Financial Management	15.01.2021	Master's Degree	13
Executive Vice Presidents:				
Esra Aydın	Operations & Management Services	01.08.2007	Master's Degree	16
Cihan Vural	Internal Systems	03.11.2008	Master's Degree	13
Rasim Levent Ergin	Human Resources, Organization and Communications	01.11.2012	Master's Degree	17
Suat Kerem Sözügüzel	Corporate and Commercial Banking	01.04.2014	Master's Degree	17
Banu Ertürk	Credits Monitoring and Legal Follow Up	01.08.2020	Bachelor's Degree	22
Darço Akkaranfil	Information Technologies	14.09.2020	Master's Degree	15
Zeynep Bozkurt	Financial Management	15.01.2021	Master's Degree	13
Ayşen Aslı Koçer	Saving and Wealth Management	01.07.2021	Bachelor's Degree	24
Yener Yazlalı	Credits	02.08.2021	Master's Degree	18
Halil Özcan	Digital Banking	21.02.2022	Bachelor's Degree	14
Tuba Onay Ergelen	Risk Management	01.03.2022	Bachelor's Degree	23
Erdal Arda Türerer	Treasury, Capital Markets and Financial Institutions	01.03.2022	Master's Degree	25

*The persons mentioned above do not have any shares in the Bank.

Changes in the Bank's top management during 2022 and until the reporting date:

- Osama T. Al Ghousein resigned as a Member of the Board of Directors on March 31, 2022.
- Halil Özcan was appointed as Executive Vice President for Digital Banking on February 21, 2022. Tuba Onay Ergelen was promoted to Executive Vice President for Risk Management on March 1, 2022. Erdal Arda Türerer was promoted to Executive Vice President for Treasury, Capital Markets and Financial Institutions on March 1, 2022.
- Moustapha Chami was appointed as a Member of the Board of Directors on June 15, 2022.
- At the Board of Directors meeting of July 27, 2022, Hasan Kılıç was selected as Chair of the Audit Committee and Moustapha Chami was selected as a member of the Audit Committee.

Information on the Bank's Personnel and Number of Branches, Types of Services, Fields of Activities, and Evaluation of the Bank's Position in the Sector Based on These

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE OF STATUTORY AUDITORS

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of DELOITTE TOUCHE TOHMATSU LIMITED) was elected as an external auditor in pursuant to decision made in our Bank's General Assembly which was held on March 25, 2022.

Activities of the Credit Committee and of the Committees Reporting to, or Set Up to Assist, the Board of Directors Under Risk Management Systems Pursuant to the Regulation on Banks' Internal Systems, and the Names, Surnames and Principal Duties of the Heads and Members Serving on These Committees

BOARD CREDIT COMMITTEE

The Chairman of the Board Credit Committee is Emin Hakan Eminsoy, the chairman of the Board of Directors. The Bank's CEO, Ali Murat Dinç and board member Fadhil M. GH. A. Abdullah serve and Mohammad M. A. H. S. Almael as members of the Committee. Khaled F. A. O. Alzouman and Abdelkarim A. S. Kabariti who are board members were elected as substitute member.

BOARD NOMINATION AND REMUNERATION COMMITTEE

The Board Nomination and Remuneration Committee shall be responsible for presenting recommendations to the Board regarding review of Board structure on an annual basis, undertake performance evaluation of the overall Board and the performance of each member on annual basis

and developing Bank-wide reward policy in line with the rules in force. In addition, the Board Nomination and Remuneration Committee shall be responsible for appointment of the senior positions of the Executive Management, ensuring that these positions are occupied by qualified employees along with setting performance standards and succession plans. The Chairman of the Committee is Abdelkarim A. S. Kabariti, Osama T. Al. Ghoussein\ Khaled F. A. O. Alzouman and Moustapha Chami serve as members of the Committee. This committee meets when necessary and held four meetings in 2022.

INTERNAL SYSTEMS ORGANIZATIONAL FUNCTION GROUPS

BOARD OF DIRECTORS AUDIT COMMITTEE

The Audit Committee is responsible for ensuring compliance with the current laws, policies, guidelines, business conduct rules, code of ethics and other responsibilities assigned pursuant to the BRSA's Regulation on the Banks' Internal Systems. The Committee is also charged with verifying and monitoring the adequacy of internal control and audit functions.

Hasan Kılıç is the Chairman of Audit Committee while Khaled F.A.O. Alzouman and Moustapha Chami serve as the committee members. Risk Management and Internal Audit and Control Groups report to Audit Committee functionally.

A. RISK MANAGEMENT SYSTEM

The Risk Management System has been set up to regulate the definition, measurement, reporting and

monitoring of the risks involved in all aspects of the banking activities, subject to the principles established jointly by the Bank's executive management and the Risk Management Group and approved by the Board of Directors. One of the main aims of Risk Management System is to establish a common risk management culture within the Bank.

The organizational components of the Risk Management System are the Risk Committee and the Risk Management Group.

1) BOARD OF DIRECTORS RISK COMMITTEE

Risk committee is composed of Moustapha Chami, chairman of the committee and board member, Hasan Kılıç and Mehmet Alev Göçmez. Risk Management Group reports to Risk Committee functionally.

Primary roles of the Risk Committee are approval of Strategic Risk Management decisions (such as the Bank's risk appetite, capital allocation and risk management structure) and qualitative and quantitative monitoring of Market, Liquidity, Credit and Operational Risks; and auditing compliance with risk policies that are approved by the Board of Directors.

2) RISK MANAGEMENT GROUP

The Executive Vice President Responsible for Risk Management Group is assigned with the coordination among the Credit Risk and Modelling Unit, Market Risk Unit and Operational Risk Unit and presentation of the results of their works to the Risk Committee.

a) Market Risk Unit

The objective of the Market Risk Unit is to define, measure, monitor and analyze the market risks that the Bank and affiliates subject to consolidation are exposed to and to create and report risk policies and implementation procedures. The unit regularly monitors and reports limits defined related to Treasury Risk Parameters and liquidity risk. Limit on counterparty credit risk - risk monitoring, stress tests and scenario analysis are among the responsibilities of the unit. The Bank employs the standardized approach in the calculation of the Value at Risk (VaR) for the market risk for statutory reporting and additionally the Bank uses internal method based VaR for its management reporting and internal processes. Interest-sensitivity and liquidity gap analysis of balance sheet items in order to track interest rate and liquidity risks are performed. Based on these efforts, maturity mismatches in relation to balance sheet items are monitored and reported. Analyses are conducted using DV01 metrics to measure the banking accounts' sensitivity to changes in interest rates.

b) Credit Risk and Modeling Unit

Credit Risk and Modeling Unit is responsible for monitoring, on a portfolio basis, the credit risk undertaken by the Bank and its subsidiaries as a result of its lending activities. The Unit provides information flow to the executive management of the Bank in terms of the current position and performance direction of the loan portfolio through regular monitoring of all the stages of lending activities and by regular and

frequent reporting of credit limits and risks on the basis of collaterals, sectors and internal rating scores. The Unit also makes proposals for the identification and improvement of hitches and vulnerabilities in the lending system, as and when necessary.

On the loan portfolio, scenario analysis, stress test and reverse stress tests are carried out and results are shared with senior management, Risk Committee, Audit Committee and Board of Directors. The Credit Risk and Modeling Unit is responsible for the monitoring, analysis, calibration and validation of the results of the automatic decision and internal rating systems used to measure the credit risk. Within this framework, models used in the calculation of provision figures are revised according to TFRS 9 standards, and the compatibility of the results of these calculations and models is verified. In addition, validation and calibration studies of TFRS 9 models are carried out by the Unit.

The Unit prepares the estimates of the probability of default and loss given default ratios, which are the key inputs of TFRS 9 calculations.

c) Operational Risk Unit

The Operational Risk Unit is responsible for establishing the implementation procedures for defining, monitoring, evaluating, mitigating and reporting of the operational risks that the Bank and affiliates subject to consolidation are exposed to. In this context, operational risk incidents are compiled and classified, key risk indicators are determined, and risk control self-assessments are carried out.

The Operational Risk Unit coordinates the activities to keep up-to-date, test and develop the Business Continuity Plan, which was created to ensure the continuity of the Bank's operations, in case of a possible interruption.

Meeting Frequencies of Committees:

The Risk Committee and the Operational Risk Committee meet at least four times a year and the Risk Coordination Committee meets monthly. The Risk Coordination Committee is set up in order to determine joint actions for Internal Audit and Risk Management. Participants are Chairman of the Audit Committee, General Manager, Executive Vice President Responsible for Risk Management Group, Executive Vice President Responsible for Internal Audit and Control, Head of Internal Audit, Head of Internal Control, Head of Compliance and Head of Credit and Market Risk. According to the meeting agenda, the Internal Audit Department, Internal Control Department, Compliance Department and Risk Management Unit Managers and employees, top-level managers of executive functions and other managers are invited to the meeting.

The Operational Risk Committee was formed in order to develop the strategies, policies, processes and infrastructure required to review operational risks and to allow management to establish procedures to evaluate and take precautionary measures to minimize and manage risk. The Committee is comprised of the Executive Vice President for Risk Management (chair), Executive Vice President for Financial Management,

Executive Vice President for Operations and Management Services, Executive Vice President for Information Technology, Executive Vice President for Internal Systems, Chair of the Audit Committee, Chair of the Compliance Committee, Chair of the Internal Control Center, and Chair of the IT Security and Risk Management Department. Depending upon the specific agenda of a meeting, other high-level management from relevant departments are also invited to attend.

B. INTERNAL SYSTEMS GROUP

Internal Systems Group consists of Internal Audit, Internal Control and Compliance Department. Heads of Internal Audit and Internal Control report to the executive vice president responsible for Internal Audit and Control who directly reports to the Audit Committee. Compliance officer of the Bank reports directly to the member of the Board of Directors and Head of Audit Committee. The Compliance Department operates directly linked to Executive Vice President of Internal Systems, who reports to the Audit Committee in administrative terms.

1. INTERNAL AUDIT

The Internal Audit Department operates in accordance with the Internal Audit Department By-laws and Guidelines approved by the Board of Directors and the Audit Committee.

The mission of the Internal Audit Department is to perform the internal audit of all operations of the Bank and its subsidiaries independently, with the objectives of adding value to the Bank, improving operational efficiency and effectiveness and adequacy of risk management and internal

control system, preserving its assets, efficiently using resources and ensuring attainment of the goals and targets set for the operations.

The vision of the Internal Audit Department is to act as a business partner and consultant for stakeholders by carrying out assurance and consultancy activities that are in line with the strategic goals of the Bank and its subsidiaries as well as the expectations of stakeholders and are focused on productivity, improvement and added value creation within the frame of International Internal Audit Standards including the Quality Assurance Improvement Program.

Consisting of Financial and Operational Processes Audit, Loan and Business Processes Audit, Information Systems Audit and Quality Assurance Audit teams, the Internal Audit Department carries out branch audits, examinations/interrogations and consultancy activities, as well as process audits of business and information systems at the Bank, subsidiaries and support services providers under the annual audit plan and in accordance with the International Internal Audit Standards.

2 INTERNAL CONTROL

The Internal Control Center carries out its activities in line with the Internal Control Center Policy and the relevant Implementation Principle approved by the Board of Directors and the Audit Committee, and reports its activities to the Audit Committee through the Executive Vice President responsible for Internal Systems. There are three units operating under the Internal Control Center: Branches Control Unit, Head Office Control Unit and Information Systems (IS) Control Unit.

Internal Control Department aims protection of Bank's property and assets, assuring conduct of activities in compliance with all in-house developed policies and rules of the Bank, banking practices, the Banking Law and other related regulations, ensuring division of functional roles within the Bank, allocating responsibilities within the Bank, ensuring that accounting and financial reporting system, information system and intra-Bank communication channels operate in an effective manner and operates in line with these goals.

Internal Control Department's activities are carried on with a risk focused approach, in terms of main control points mainly on lending, deposit collection, accounting, financial/legal reporting, operation, information systems, digital banking, alternative delivery channels, treasury/derivatives and capital market transactions. The conformity of these transactions and others in different fields to applicable legislation, the Bank's strategy and policies, internal implementation procedures, limits and internal guidelines is regularly controlled at the second level through both centralized and on-site audits.

In this context, branch on-site audits and periodic and spot controls performed on the main banking, business processes and information systems processes at the Head Office scheduled under the 2022 control plan have been brought to completion. Periodic information has been provided to the Bank's executive management and primarily to the Audit Committee and the Board of Directors about these control activities and their outcomes.

Within the frame of its consultancy services, the Internal Control Department performed specific process reviews for risks that might result from new products/services, and rapidly evolving and changing channels/operations, and continued to extend support to major projects by sharing its opinions and suggestions about improving related processes, and increasing the operational efficiency and the effectiveness of risk management and internal control system in 2022.

In order to increase awareness across the Bank, the Internal Control Department continued to give seminars on the "Prevention of Laundering Proceeds of Crime" to branch personnel during branch visits in coordination with the AML Compliance Unit, as well as training programs on "Fraud and Misconduct Awareness" across the Bank in 2022. In addition, the Internal Control Department performed review and control activities about compliance with Ethical Banking Principles, Disciplinary Regulation and Code of Ethics in addition to its planned activities in 2022.

The Internal Control Department carried out additional new controls and tests, which were coordinated by the IS Control Officer, in line with the Regulation on Banks' Information Systems and Electronic Banking Services.

Burgan Bank's Internal Control Department also continued to coordinate the internal control activities at the Bank's subsidiaries, namely Burgan Leasing and Burgan Securities.

C. COMPLIANCE DEPARTMENT

The head of the Compliance Department functions as the Compliance Officer and, while functionally subordinate to the Board of Directors' Corporate Governance Committee, reports administratively to the chair of the Audit Committee in relation to AML responsibilities. The Compliance Department is administratively subordinate to the Executive Vice President for Internal Systems, who reports to the Audit Committee. The scope and breadth of Department activities and its internal audit functions are subject to regular periodic review.

The activities of the Compliance Department are carried out within the frame of the current legislation and the Group's principles.

The Regulatory Compliance Unit:

- Follows up the banking legislation apart from the tax legislation, announces the changes and new requirements across the Bank, and offers consultancy to the related departments/units of the Bank regarding applicable legislation with respect to the delivery of new and existing products and services;
- Ensures that the Bank's practices and operations are carried out in accordance with the regulatory framework, and work on raising the knowledge of the bank employees about the legislation to a higher level is carried out.

The AML Compliance Unit is responsible for ensuring compliance with 'Law No. 5549 on the Prevention of Laundering the Proceeds of Crime' and 'Law No. 6415 on the Prevention of Financing of Terrorism' and fulfilling all obligations with regard to anti-money laundering and anti-terrorism-financing measures enacted based on the above laws. Customer-acceptance, transaction-monitoring, risk-management, consultancy and training activities relating to combatting the laundering of proceeds of crime and financing of terrorism are conducted in accordance with the statutes published by Turkey's Financial Crimes Investigation Board MASAK and in line with the standards established by international agencies such as the Financial Action Task Force (FATF) as well as the Group's own rules and regulations.

AML Compliance Unit:

The AML Compliance Unit is responsible for ensuring compliance with the Law no. 5549 on the Prevention of Laundering Proceeds of Crime and Law no. 6415 on Prevention of Financing of Terrorism and the obligations related to anti-money laundering and financing of terrorism enforced based on the said laws. The Unit continues to carry out customer acceptance, transaction monitoring, risk management, consultancy and training activities to combat the laundering of proceeds of crime and financing of terrorism in accordance with the national legislation published by MASAK in particular, and the standards published by international agencies such as the Financial Action Task Force (FATF), as well as the Group's own rules.

Information about Human Resources Practices

Human Resources Policy

The Human Resources of a financial institution are the most valuable part of its assets. The success of the Bank is closely linked to its human resources policies that provide recruitment, development, loyalty and high motivation. The main responsibilities of Human Resources are outlined below:

- Formulating human resource policies and programs to support the Bank's strategic goals and priorities,
- Recruiting competent and result oriented human resources, capable of contributing to the attainment of the Bank's goals and strategies, always ensuring the maintenance of transparency and meritocracy, whether sourcing refers to internal transfer or external hiring,
- Contributing to the enhancement of the Bank's performance by designing a competitive pay policy and by rewarding superior performance,
- Gearing up our employees who are trained within the corporate culture and specialized in their careers for managerial positions, thus fortifying the Bank's corporate culture,
- Assuring employee satisfaction through proactive human resources practices and building an efficient and highly motivated organization.

Recruitment

Human resource needs are fulfilled in line with the Bank's short and medium-term strategic goals.

Our target is to attract the human resource possessing good academic background, that is open to innovation and change and that will espouse and maintain the Bank's values.

The considerations in the selection of new employees are conformity of individuals possessing potential for improvement to the Bank's competencies, as well as the conditions prevailing in the sector.

The Bank's overall annual headcount budget is approved by the Board of Directors. While recruiting, the overall annual headcount budget approved by the Board of Directors is taken into consideration.

Training and Development

The purpose of the Training and Development Department is to provide the employees with need-based training and development opportunities and learning tools, so as to help the Bank achieve its goals for the purposes of:

- Providing opportunities for improving their performances in their current positions,
- Preparing the employees for new and future roles,
- Providing the concrete information required by changing business needs and conditions,
- Satisfying legal requirements in relation to training,
- Developing new information and skills, strengthening behaviors and competencies targeted at increasing productivity

- Helping the employees with their career planning in line with succession planning.
- In this context, training and development support is provided in four categories in classroom/ distance learning formats.

Banking technical knowledge and skills programs

- Management and personal training programs
- Compulsory certifications
- Orientation and on-the-job training programs.

"Personal Awareness" trainings were given to the entire management team by the HR Assistant General Manager, and workshops were given to the IT management team.

The webinar learning catalogue backed by internal trainers and Learning from One Another Program, where employees share their knowledge about their expertise, has continued in the digital environment with the additional of new contents.

The "Corporate Coaching Program" for all employees seeking to participate on a voluntary basis, and the "Meet the Experience Mentoring Program" with mentors consisting of senior management for high-potential employees also continued.

It is of utmost importance to take care in ensuring that the training and development opportunities targeted in this direction are in conformity with the Bank's goals, strategies and competencies, as well as to have them monitored and followed-up by the Bank's managers.

Career Management

The Bank's primary goal is to ensure planning of promotion for high potential employees who have espoused the Bank's vision, mission and values, to managerial positions. It is targeted that the employees are actively involved in and manage their own career planning in cooperation with their line managers based on the results of performance appraisals.

For vacant positions in the Bank, the main strategy is recruitment from internal sources of the Bank. Our vacant positions are published in the internal career announcements. Our employees may be appointed to the vacant position by promotion or by keeping their existing titles and rights, depending on the requirements of such position. In order for the employees to be promoted in line with the Bank's needs, the relevant position must be vacant, the person must possess the knowledge and experience required by the position to which he/she will be promoted and he/she must have displayed a high performance or must have a high potential.

Performance Appraisal

The primary goal of performance appraisal is to achieve the Bank's goals and strategies and to ensure attainment of better results by the employees and the Bank through management of individual performance. Our corporate culture encourages our employees to receive and give feedback to their managers on their annual performance.

In addition, employees' contributions to business results and their development in competencies are measured.

The appraisal process serves to the rewarding of individuals displaying superior performances, as well as to the identification of people with high potentials and the determination of development needs of the employees. Performance levels of employees open the way for their promotion to various positions within the frame of personal career plans and also have an influence on their remunerations.

Remuneration

The Board of Directors Nomination and Remuneration Committee (BNRC) determines the remuneration policies, including the pay of senior executives at Burgan Bank and the benefits of their employees. The BNRC consists of three non-executive members of the board of directors, at least one of which is independent, and the chairman of the committee is an independent member.

The Bank has in place a remuneration policy which aims at:

- Enabling the Bank to attract, acquire, motivate and retain highly competent employees,
- Setting a specific framework in order to ensure a consistent approach in rewarding employees, in line with their roles and responsibilities as well as knowledge and experience.

The Remuneration Policy ensures also that Compensation & Benefits;

- a) are in line with Banking Sector practices,
- b) maintain balance and justice within the Bank,
- c) are in line with the personnel expenses budget,
- d) are aligned with Performance Management Evaluation, thus promoting the result-oriented culture of the Bank.

Compliance of our Bank's wage management and compensation practices with the determined policy is reviewed by an independent consultancy company each year. Based on the 2022 report, it was concluded that:

- Our Bank's pay policy was compatible with the banking market,
- In the internal balance analysis conducted by Burgan Bank, it was found that 74% of employees were positioned in an 80% - 120% band according to the pay policy median.

Staff Vacation Policy

The Bank adheres to the provisions of the Labor Law no 4857 in relation to vacations. Accordingly, annual vacation days according to years of service are as follows:

Years of Service	Vacation Days
1 to 5 Years	17 Days
5 to 15 Years	20 Days
More than 15 Years	26 Days

Critical positions within the Bank were identified in view of the following criteria. Our employees in these positions will be taking leave for two consecutive weeks.

Positions with any one of the following characteristics are defined as critical:

- One-on-one contact with customers
- Direct engagement in cash transactions, involvement in goods and services procurement processes
- Involvement in processes related to processing of, and modifications to, customer data and accounts
- Capability to perform transactions impacting the Bank's financials and/or involvement in decision-making processes
- Capability to intervene and alter Information Systems, applications, databases and production environment
- Engagement in information security and fraud monitoring and prevention
- Authorization to access and modify user authorizations and system logs

Employment of Relatives Policy

The aim of this policy is to ensure that Management decisions relating to the recruitment of relatives and promotions/ transfers of relatives already in service are taken in a way that does not give rise to conflicts of interest.

Employees who are related are not allowed to be placed in posts where one can control, evaluate, examine, approve or determine the work done by the other, or affect the pay and promotion of the other in any way.

This commitment is not limited to cases of service in the same unit but also relates to posts in collaborating units which provide complementary services or operate as approval/audit services.

Fringe Benefits

Healthcare expenses of our employees and their families (spouse and children) are covered under the health insurance policies revised every year.

Furthermore, our employees are provided with life insurance that includes life, personal accident and critical illness coverage.

Contributory private pension contracts are made for employees, on a voluntary basis, for which the Bank contributes 2% to 5% of their monthly gross salaries depending on seniority.

The Bank pays communication support to all employees who do not receive a phone and line support.

Teleworking – Burgan is with you - at home and in the office

- Bringing flexibility and conveniences to our business life and making positive contributions to work-life balance of our employees, the hybrid working model started to be

implemented for the Head Office employees. With this model, our employees are able to work in the office or at home in the percentage of %50-%50 in workdays within a month.

- An employee working remotely can work from outside of the city with the approval of his/her line manager. No more than 25% of the employees working in the same department can work from outside of the city concurrently.

Organization and Process Management

Work processes and workloads are regularly followed up with a lean organization perspective and for ensuring continuity of workforce productivity.

Process activities are being carried out across the Bank's business units and subsidiaries, which are aimed at increasing productivity and enhancing service quality. Operational efficiency of processes is analyzed using end-to-end process performance measurements. Work is carried out on new products/services and channels, as well as efforts to secure increased productivity in existing processes.

Activities are being carried out to improve customer experience at different business lines of the Bank and at customer touch points. Satisfaction questionnaires are administered at customer touch points, and remedial/ improvement actions are taken in line with customer feedback.

The Bank's Transactions with Its Risk Group

	Total Risk Group (TL thousand)	Share in Financial Statements (%)
Borrowings	3,771,359	70.64
Deposits	707,226	1.77
Non-cash Loans	32,778	0.32
Banks and Other Financial Institutions	18,471	1.57
Loans	21,653	0.06

Information Regarding Affiliate Report

In accordance with the article 199 of the Turkish Commercial Code numbered 6102 which is effective from July 1, 2012; The Board of Directors are obliged to prepare an affiliate report regarding the transactions/relations between the controlling company and other affiliates of the controlling company within the first quarter of the activity year and attach the conclusion part of the affiliate report to the activity report. Human Resources Committee (HRCOM)

The required information with respect to the transactions between the Bank and related parties has been stated in the part 5 numbers VII of the Footnotes and Information Regarding the Non-Consolidated Financial Statement (Appendix-2). It has been explained at the Affiliate Report which has been prepared by the Board of Directors; "All transactions between the controlling company of the Bank and the affiliate companies of the controlling company in the fiscal year 2022, in the circumstances and conditions known to the board at the time at which the company conducted the legal proceeding or took or refrained from taking the measure, obtained appropriate counter-performance in relation to each proceeding and whether the company incurred any loss due to taking or refraining from taking the measure and in this regard there is no transaction or prevention required to net-off."

Fields of Activity in Which Support Services Were Procured and the Persons and Companies from Which They Were Procured Pursuant to the Regulation on the Support Services to be Procured by Banks and Authorization of Support Service Providers

SUPPORT SERVICE COMPANY	AREA OF EXPERTISE	DESCRIPTION OF SERVICE
AcerPro Biliřim Teknolojileri A.ř.	Information Systems	CIT Cash Management Services, Offsite ATM Loading Services
Active Bilgisayar Hizmetleri Tic. Ltd. řti.	Information Systems	SOC & SIEM consultancy and MSSP Service
Adeo Biliřim Danıřmanlık Hizmetleri San. Tic. A.ř.	IT Security and Risk Management	Human Resources Personnel Affairs Software Maintenance and Support Services
AGT Hızlı Kurye Hiz. A.ř.	Operational Services	SWIFT Application Software Repair and Maintenance Support,
Akbank T.A.ř.	Digital Banking	Paygate Maestro & Search Swift Business Continuity Application
Anadolunet İletişim Hizmetleri A.ř.	Digital Banking	Placing and Releasing of Mortgages, Encumbrance Investigation Services
Austria Card Turkey Kart Operasyonları A.ř.	Operational Services	Legal Follow-up System
Bantař Nakit Ve Kıymetli Mal Tařıma Güvenlik Hizmetleri A.ř.	Operational Services	Routing of Loan Applications Online
Barikat BT Biliřim Ticaret A.ř.	IT Security and Risk Management	Murex Support Services
BİLİN Yazılım ve Biliřim Danıřmanlıęı A.ř.	Human Resources	Innova Payflex Collection System
Fineksus Biliřim Çözümleri Ticaret A.ř.	Information Systems	Archiving Services
FU Gayrimenkul Yatırım Danıřmanlık A.ř.	Operational Services	Placing and Releasing of Mortgages, Encumbrance Investigation Services
Halıcıoęlu Yazılım Danıřmanlık ve Tic Ltd řti	Litigation and Follow-up Management	Communication Equipment Supply Services
Hangisi İnternet ve Bilgi Hizmetleri A.ř.- Hangikredi	Digital Banking	ATM, Debit Card, Clearing Infrastructure Services
Indigo Consulting SAL Offshore	Information Systems	Murex Support Services
Innova Biliřim Çözümleri A.ř.	Information Systems	Innova Payflex Collection System
Iron Mountain Arřivleme Hizmetleri A.ř.	Operational Services	Archiving Services
İpoteka Gayrimenkul Danıřmanlık A.ř.	Operational Services	Placing and Releasing of Mortgages, Encumbrance Investigation Services
İSNET Telekomünikasyon Servis Hizm. Tic. Ltd. řti.	Information Systems	Communication Equipment Supply Services
Kartek Kart ve Biliřim Tek. Tic. A.ř. - Paycore	Digital Banking	ATM, Debit Card, Clearing Infrastructure Services
Koç Sistem Bilgi ve İletişim Hizmetleri A.ř.	Information Systems	Business Continuity and Flexibility Services, Emergency Services (DRC), DC and DRC Hosting/ Data Hosting Center Derivative and Investment Account Statement Printing and Sending

SUPPORT SERVICE COMPANY	AREA OF EXPERTISE	DESCRIPTION OF SERVICE
Konut Kredisi com.tr Danışmanlık A.Ş. (Hesapkurdu.com)	Digital Banking	Loan Application Service
Loomis Güvenlik Hizmetleri A.Ş.	Operational Services	Cheque Clearing Operation
Metis Bilgisayar Sistemleri San. ve Tic. A.Ş. - Teleperformance	Information Systems	Contact Center Services / Call Center Outbound Services
Migros Ticaret A.Ş.	Digital Banking	Loan Application Service in Sales Channels
Mobilgi Bilgisayar Teknolojileri Sanayi ve Ticaret Limited Şirketi	Digital Banking	Identification and Delivery of Account Opening Documents
MTM Holografi Güvenlikli Basım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş.	Operational Services	Printing of Negotiable Instruments
PayCore Ödeme Hizmetleri ve Takas Mutabakat Servisleri A.Ş. (Kartek) (MASTERCARD Payment Transaction Services Turkey Bilişim. Hiz. A.Ş.)	Operational Services	ATM and Debit Card Clearing Operation Service
Posta ve Telgraf Teşkilatı A.Ş. (PTT)	Wealth Management and Digital Banking	Debit Card Dispatches Credit Payment and Deposit Online Transactions
Postkom Basım Posta ve İletişim Hizmetleri A.Ş.	Wealth Management, Digital Banking, Corporate and Commercial Banking	Service Received for Sending Credit-Deposit and Overdraft Account Statement to Our Bank's Customers
Risk Aktif Danışmanlık Eğitim ve Yazılım San. Tic. Ltd. Şti.	Risk Management	Basel II Reporting
RSU Bilişim ve Danışmanlık Hizmetleri A.Ş.	IT Security and Risk Management	Information Security Consultation and Penetration Testing
SafePoint Güvenlik Sistemleri A.Ş.	Operational Services	Branch Alarm System Installation and Maintenance Services
Securitas Güvenlik Hizmetleri A.Ş.	Operational Services	Physical Security Services
Servicium Bilgisayar Hizmetleri San. ve Dış Tic. A.Ş.	Treasury and Capital Markets	FX Trading Platform
Sistaş Sayısal İletişim Sanayi ve Ticaret A.Ş.	Digital Banking	Call Center Infrastructure Service
Sistem Kurye Hiz. Ltd. Şti.	Operational Services	Submission of Foreclosure Letters
TAGAR Tapu Garanti Hizmetleri A.Ş.	Operational Services	Placing and Releasing of Mortgages, Encumbrance Investigation Services
VEGA Bilgisayar Hizmetleri Ltd. Şti.	Financial Affairs	Legal Reporting Software Support Service
Lostar Bilgi Güvenliği A.Ş.	Information Systems	Penetration Test

Corporate Governance Report

Board of Directors

The Board of Directors is the ultimate decision-making body at the Bank. The Board of Directors fulfills its decision-making function through the Board Committees. In order to set up the board committees in the number required by the Articles of Association, the Board of Directors is made up of sufficient number of members which must not be less than five. Each member of the Board of Directors is elected for a term of office of three years. Members whose terms of office expire may be re-elected. The Board held 12 meetings during 2022. The members of our Bank's Board of Directors as of the date of this writing are presented below.

Members Served in 2022	Position	Date of Appointment to Office	Date of Resignation	Academic Background	Professional Experience (Years)	Number of Meetings Attended in 2022
Emin Hakan Eminsoy	Chairman	31.07.2019	Continuing	Bachelor's Degree	37	12
Abdelkarim A. S. Kabariti	Vice Chairman	08.10.2021	Continuing	Bachelor's Degree	33	12
Khaled F.A.O. Alzouman	Member	29.05.2019	Continuing	Bachelor's Degree	34	12
Fadhil M. GH. A. Abdullah	Member	25.11.2021	Continuing	Bachelor's Degree	33	12
Mohammad M. A. H. S. Almael	Member	25.11.2021	Continuing	Master's Degree	23	12
Moustapha Chami	Member	15.06.2022	Continuing	Master's Degree	19	5
Mehmet Alev Göçmez	Member	23.01.2013	Continuing	Master's Degree	42	12
Hasan Kılıç	Member	10.06.2021	Continuing	Bachelor's Degree	34	12
Ali Murat Dinç	Member & CEO	29.01.2014	Continuing	Master's Degree	30	12
Osama T. Al Ghousesein	Member	25.06.2014	31.03.2022	Bachelor's Degree	31	3

Board of Directors Committees

Board Credit Committee (BCC)

The BCC authorizes the loans referred to it by the Bank's Board of Directors subject to the legal regulations. The Committee meets once in two weeks and as and when necessary. The BCC held 31 meetings in 2022. The members of the Bank's Board Credit Committee as of the date of this writing are presented below.

Members Served in 2022	Position	Date of Appointment to Office	Date of Resignation	Number of Meetings Attended in 2022
Emin Hakan Eminsoy	Chairman	09.08.2019	Continuing	29
Fadhil M. GH. A. Abdullah	Member	06.12.2021	Continuing	29
Mohammad M. A. H. S. Almael	Member	06.12.2021	Continuing	28
Ali Murat Dinç	Member	29.01.2014	Continuing	30
Khaled F. A. O. Alzouman	Alternate Member	06.12.2021	Continuing	1
Abdelkarim A. S. Kabariti	Alternate Member	27.07.2022	Continuing	8

Board of Directors Audit Committee (BAC)

The BAC is responsible for establishing and overseeing the adequacy of internal control and audit functions of the Bank, as well as for ensuring compliance with applicable laws, policies, guidelines, and code of business conduct and ethics, and also other responsibilities provided under the BRSA Regulation on Internal Systems of Banks. The BAC held 8 meetings in 2022. The members of the Bank's Audit Committee as of the date of this writing are presented below.

Members Served in 2022	Position	Date of Appointment to Office	Date of Resignation	Number of Meetings Attended in 2022
Hasan Kılıç	Chairman	27.07.2022	Continuing	4
Khaled F. A. O. Alzouman	Member	06.12.2021	Continuing	8
Moustapha Chami	Member	27.07.2022	Continuing	4
Mehmet Alev Göçmez	Chairman	06.12.2021	27.07.2022	3
Fadhil M. GH. A. Abdullah	Member	06.12.2021	27.07.2022	4

Board of Directors Risk Committee (BRC)

The BRC is responsible for supervising whether the risk strategy is implemented by the executive management, and for presenting review feedbacks and reports regarding the current and future risk strategy and tolerance to the Board of Directors. The BRC held 4 meetings in 2022. The members of the Bank's Risk Committee as of the date of this writing are presented below.

Members Served in 2022	Position	Date of Appointment to Office	Date of Resignation	Number of Meetings Attended in 2022
Moustapha Chami	Chairman	27.07.2022	Continuing	2
Hasan Kılıç	Member	06.12.2021	Continuing	4
Mehmet Alev Göçmez	Member	06.12.2021	Continuing	4
Osama T. Al Ghousein	Member	10.09.2014	31.03.2022	0

Board of Directors Corporate Governance Committee (BCGC)

The BCGC is mainly responsible for assisting the Board of Directors in setting the Bank's corporate governance policies, following-up on their execution, and periodic reviewing thereof to ensure their effectiveness. The BCGC held 4 meetings in 2022. The members of the Bank's Corporate Governance Committee as of the date of this writing are presented below.

Members Served in 2022	Position	Date of Appointment to Office	Date of Resignation	Number of Meetings Attended in 2022
Abdelkarim A. S. Kabariti	Chairman	06.12.2021	Continuing	4
Emin Hakan Eminsoy	Member	09.08.2019	Continuing	4
Ali Murat Dinç	Member	01.04.2014	Continuing	4

Board of Directors Nomination and Remuneration Committee (BNRC)

The BNRC is responsible for making recommendations to the Board of Directors regarding nomination to the Board's membership, review of Board structure on an annual basis, overall performance evaluation of the Board and individual performance review of each member on annual basis, and developing Bank-wide remuneration policy in line with applicable laws and regulations. The BNRC held four meetings in 2022. The members of the Bank's Nomination and Remuneration Committee as of the date of this writing are presented below.

Members Served in 2022	Position	Date of Appointment to Office	Date of Resignation	Number of Meetings Attended in 2022
Abdelkarim A. S. Kabariti	Chairman	06.12.2021	Continuing	4
Khaled F. A. O. Alzouman	Member	21.10.2019	Continuing	4
Moustapha Chami	Member	27.07.2022	Continuing	1
Osama T. Al Ghoussein	Member	06.12.2021	31.03.2022	2

Management Risk Coordination Committee (RCCOM)

The primary objective of RCCOM is to present internal audit and internal control findings, risk management, regulatory and compliance matters for the information of the Chairman of the Board of Directors, Head of the Audit Committee and the CEO in an expedited manner. It also aims to initiate the necessary cooperation between internal systems departments in accordance with the BRSA regulations, and thus, assist the CEO in taking the necessary corrective actions as appropriate.

Executive Committees

The head of execution is the Chief Executive Officer, who fulfills the management function through the executive committees and together with the managerial staff reporting to him/her.

- Executive Committee (EXCO)
- Asset and Liability Management Committee (ALCO)
- Operational Risk Committee (ORCOM)
- Executive Credit Committee (ECCOM)
- Credit Provision Committee (CPCOM)
- Product Service Committee (PSCOM)
- Purchasing Committee (PURCOM)
- Discipline Committee (DISCOM)
- Human Resources Committee (HRCOM)
- Customer Experience Committee
- Information Systems Strategy Committee (ISSCOM)
- Information Systems Steering Committee (ISSC)
- Information Security Committee (ISCOM)
- Information Systems Continuity Committee (ISCCOM)
- Crisis Management Committee (CMCOM)
- Legal Coordination Committee (LCCOM)
- Digital Banking Committee (DBCOM)
- Information Sharing Committee (ISCOM)

The Bank pursues its operations within a well-defined and formulated corporate governance structure that achieves maximum conformity to ethical banking principles. The Bank applies corporate governance code of ethics and practices to its operations on the basis of the four main pillars of corporate governance, namely accountability, transparency, fairness and integrity. The Bank has set transparency as the central principle of risk management. The Bank adheres to the guidelines based on the Basel Committee Corporate Governance recommendations of the Capital Markets Board of Turkey (CMB) and the Banking Regulation and Supervision Agency (BRSA). The Bank adopts the policies of the regulatory authorities of its principal shareholder as reference, to the extent they do not conflict with local laws and regulations. The Bank makes sure that any hitches in the implementation of the principles mentioned above are shared with all related authorized individuals and authorities, including the Board of Directors. There were no articles of the Bank's Corporate Governance Manual that the Bank did not adhere to as they might have led to certain situations and circumstances which would pose some practical difficulties for the Bank, had they been adhered to.

SECTION THREE

FINANCIAL INFORMATION AND RISK MANAGEMENT



Report by Statutory Auditors Organized Pursuant to Article 397 of the Turkish Commercial Code Dated 13/01/2011 and No.6102

Please refer to Appendix-1.

An Assessment by the Audit Committee of the Operation of Internal Control, Internal Audit and Risk Management Systems and Their Activities in the Reporting Period

The primary function of the Burgan Bank Audit Committee is to assist the Bank's Board of Directors in the fulfillment of the latter's responsibility to supervise the Bank and its affiliates subject to consolidation, by reviewing the financial data to be presented to the shareholders, ensuring the productivity and efficiency of the Internal Control Framework set up by the Board of Directors and the Management level and monitoring the audit process.

The Audit Committee meets at least four times a year and reviews and evaluates the efficiency, adequacy and productivity of the Internal Control Framework and Systems particularly with respect to the achievement of the objectives in the categories listed below:

- Efficiency, productivity and adequacy of the Bank's accounting and reporting systems, as well as of the Bank's Internal Audit, Internal Control and Risk Management,

- Accuracy of the data provided by the systems mentioned above,
- Reliability of financial reporting,
- Establishment of communication channels and information system control,
- Compliance with the laws and legislation in force.

The Audit Committee informs the Board of Directors on any case of noncompliance, also presenting a proposal relating to the corrective action that needs to be taken.

The Audit Committee's assessment of the operation of internal control, internal audit and risk management systems is as follows:

Risk Management System at Burgan Bank has been formulated based on this significance and our commitment to the banking concept we are willing to implement; the system is in a constant evolution process. The purpose of Burgan Bank is to make Risk Management System a part of the decision-making process, rather than using it merely for measurement and reporting purposes.

The Internal Control and Internal Audit Systems make it the focal point of their work to provide reasonable assurance for the adequacy of the internal control system in place at the Bank and to improve the same, in line with a risk based approach. In their activities, these systems do not solely focus on identifying errors, but are rather concentrated on the establishment and implementation of measures that will prevent the occurrence of errors.

Independent Auditors' Report

Please refer to Appendix-1.

Financial Statements and Information on Financial Structure

Please refer to Appendix-2 & 3.

An Assessment of the Financial Status, Profitability and Solvency

As of end 2022, the Bank's total assets were recorded as TL 57,806,686 thousand.

Liquid assets accounted for 17% of the Bank's balance sheet.

At TL 7,580,307 thousand, the Bank's net securities portfolio made up a 13.1% share of its balance sheet.

Net cash loans amounted to TL 34,735,886 thousand of which share of the total balance sheet was 60.1% as of year-end.

As of December 31, 2022, the Bank's total deposits amounted to TL 40,047,920 thousand, up 62.5% year-on-year. This corresponds to a 69.3% share of the balance sheet.

The Bank's registered share capital ceiling is TL 4 billion; its paid-in capital amounts to TL 2,655.5 million. As of end-2022, the Bank recorded a net profit of TL 1,201.7 million.

Burgan Bank A.Ş. Balance Sheet Analysis (TL thousand)

Assets	December 31, 2022	December 31, 2021	Change (%)
Liquid Assets (Net)	9,833,858	6,945,285	41.6
Securities (Net)	7,580,264	1,817,897	317
Loans (Net)	34,735,929	23,908,423	45.3
Subsidiaries	1,096,358	669,736	63.7
Tangible and Intangible Assets	1,143,910	1,238,926	(7.7)
Derivative Financial Assets	2,527,026	2,972,059	(15.0)
Other Assets	889,341	462,314	92.4
Total Assets	57,806,686	38,014,640	52.1
Liabilities	December 31, 2022	December 31, 2021	Change (%)
Deposits	40,047,920	24,634,663	62.6
Funds Borrowed	6,671,260	7,345,569	(9.2)
Derivative Financial Liabilities	961,124	1,029,459	(6.6)
Other Liabilities	5,032,432	2,530,540	98.9
Shareholders' Equity	5,093,950	2,474,409	105.9
Total Liabilities	57,806,686	38,014,640	52.1

(*) In the table above, the expected loss provisions set aside in the current period as per TFRS 9 are netted off from related balance sheet items.

Burgan Bank A.Ş. Structural Balance Sheet (%)

Assets	December 31, 2022	December 31, 2021
Liquid Assets (Net)	17.0	18.3
Securities (Net)	13.1	4.8
Loans (Net)	60.1	62.9
Subsidiaries	1.9	1.8
Tangible and Intangible Assets	2.0	3.3
Derivative Financial Assets	4.4	7.8
Other Assets	1.5	1.2
Total Assets	100.0	100.0

Liabilities	December 31, 2022	December 31, 2021
Deposits	69.3	64.8
Funds Borrowed	11.5	19.3
Derivative Financial Liabilities	1.7	2.7
Other Liabilities	8.7	6.7
Shareholders' Equity	8.8	6.5
Total Liabilities	100.0	100.0

Burgan Bank A.Ş. Net Interest Income (TL thousand)

	December 31, 2022	December 31, 2021	Change (%)
Interest Income	6,295,116	2,450,185	156.9
Interest on Loans	4,217,644	1,828,336	130.7
Interest on Reserve Requirements	11,002	38,292	(71.3)
Interest on Banks	36,789	45,079	(18.4)
Interest on Money Market Transactions	124,587	18,813	562.2
Interest on Securities	754,823	107,874	599.7
Finance Lease Interest Income	-	-	-
Other Interest Income	1,150,271	411,791	179.3
Interest Expense	(4,703,636)	(1,894,671)	148.3
Interest on Deposits	(2,751,933)	(1,047,724)	162.7
Interest on Funds Borrowed	(271,133)	(144,254)	88.0
Interest on Money Market Borrowing	(92,393)	(5,132)	1700.3
Interest on Securities Issued	-	-	-
Finance Lease Interest Expenses	(13,262)	(11,609)	14.2
Other Interest Expenses	(1,574,915)	(685,952)	129.6
Net Interest Income	1,591,480	555,514	186.5

Burgan Bank A.Ş. Structural Net Interest Income Analysis (%)

	December 31, 2022	December 31, 2021
Interest Income	100.0	100.0
Interest on Loans	67.0	74.6
Interest on Reserve Requirements	0.2	1.6
Interest on Banks	0.6	1.8
Interest on Money Market Transactions	2.0	0.8
Interest on Securities	12.0	4.4
Finance Lease Interest Income	0.0	0.0
Other Interest Income	18.3	16.8
Interest Expense	100.0	100.0
Interest on Deposits	58.5	55.3
Interest on Funds Borrowed	5.8	7.6
Interest on Money Market Borrowing	2.0	0.3
Interest on Securities Issued	0.0	0.0
Finance Lease Interest Expenses	0.3	0.6
Other Interest Expenses	33.5	36.2

Burgan Bank A.Ş. Net Income Analysis (TL thousand)

	December 31, 2022	December 31, 2021	Change (%)
Net Interest Income	1,591,480	555,514	186.5
Net Commission and Fee Income	310,984	37,924	720.0
Dividend Income	24	19	26.3
Trading Income/Loss (Net)	333,808	198,299	68.3
Other Operating Income	213,948	213,215	0.3
Allowances for Expected Credit Losses	331,264	(255,195)	(229.8)
Other Operating Expenses	(1,444,826)	(495,367)	191.7
Profit/Loss From Equity Method Applied Subsidiaries	314,504	90,033	249.3
Income Before Tax	1,651,186	344,442	379.4
Tax	(449,462)	(39,627)	1034.2
Net Income/Loss	1,201,724	304,815	294.2

Information on Risk Management Policies Implemented by Types of Risks

The Bank's risk strategy is its main component of risk management system. The Board of Directors is responsible for approving the risk policy of the Bank to ensure it is in line with corporate strategy and strategic goals. A basic component of the risk strategy is the risk appetite. The risk appetite defines which risks and into what extent the Bank will actively seek and which risks are undesirable and should be avoided or eliminated. Bank aims to set out the main elements of its risk taking activities in order to attain its business goals within the limits prescribed by the risk strategy and risk appetite.

The Bank regards the formulation of a clear and realistic risk strategy as an essential part of its overall corporate strategy and as the foundation upon which all risk management policies are to be based.

Risk Management Policies

The Bank adopts following principles that form the basis of risk management processes for a healthy risk management process:

The Board of Directors is responsible for periodically reviewing the risk management policies of the Bank and approving them.

Senior management is responsible for the implementation of the risk policy approved by the Board of Directors and for the development of systems and procedures for identifying, measuring, monitoring and mitigating risk.

The Bank has defined appropriate credit underwriting criteria, ensuring a thorough understanding of the borrower or counterparty, as well as the purpose and structure of the exposure and its source of repayment. Necessary structures, policies and procedures are in place for management of the credit risk in view of applicable legislation and good practices.

The Bank has defined certain principles and policies to ensure the efficient monitoring of market and liquidity risks.

The Bank is carrying out its business by setting procedures which clearly define the responsibility and accountability of all business units engaged in a particular type of business or transaction.

Appropriate systems and processes are in place to monitor all exposures, both balance and off-balance sheet.

The Bank promotes an open risk culture under which all material risks are communicated to the appropriate authorities of the Bank as well as to the Board of Directors. The Bank considers risk transparency as an essential element of its approach to risk management.

Risk management supervision is independent from any business decisions, in order to ensure sound risk governance and avoid conflicts of interest.

Risk management is properly resourced in order to carry out its mission, given the risk appetite of the Bank.

Sound risk management is a key element of Burgan Bank in its effort to achieve its business goals. The Bank has established a comprehensive risk management framework in order to ensure that risk taking which is inherent in the Bank business activities remains always within desirable and controlled parameters. The risk management framework includes clearly defined processes for the approval and authorization of all risk taking activities plus a risk oversight function in order to ensure independent monitoring and measurement of risk.

Risk Management Function

Bank's management aims to ensure that:

- Risk taken by the Bank is in line with the risk appetite as defined by the Board of Directors,
- Total risk taken does not exceed the ability of the Bank to absorb losses,
- Risk is adequately mitigated by the implementation of proper risk management systems and procedures,
- Risk awareness is constituted among all units of the Bank and
- Appropriate risk transparency is provided and all risk figures are properly communicated across all relevant business units as well as to the Board of Directors.

Risk Limits

Risk limits are specified for quantified risk categories in line with the level of risk that the Bank is exposed to. In this respect, there are limits determined in credit, market and operational risk categories by the Board of Directors.

Information on Risk Management Policies Implemented by Types of Risks

Risk limits are revised and updated to reflect the current developments in practice depending on market conditions and changes in Bank's strategy. The primary responsibility for reviewing belongs to the Board of Directors who is authorized to set limits. In case of a need to make a change in a determined risk limit, this is primarily put on the agenda of the risk/audit committee and evaluated, and if deemed appropriate, the change proposal is submitted to the approval of the Board of Directors.

Risk Strategy Objectives

The objectives of the Bank's risk strategy with regard to the main risk categories are presented below.

Credit Risk Strategy

The Bank shall engage in lending activities towards legal entities and individuals which exhibit satisfactory creditworthiness and financial standing. The Bank shall maintain a diversified credit portfolio. As such, all business sectors where opportunities for profitable growth exist may be eligible for lending purposes. The effect of economic cycles and other endogenous or exogenous factors are taken under consideration in any credit decision. The Bank will assume credit risk of which it has a good understanding and is capable to manage, either at individual or at portfolio level.

The Bank shall require that credit exposures are adequately covered by satisfactory collateral to mitigate probable credit losses. Unsecured exposures shall be taken with prudence. The Bank shall avoid significant concentrations of credit risk, either to single or groups of borrowers or sectors of the economy. The Bank aims to extend credit facilities towards customers with a satisfactory credit history and successful overall track record. As such, the Bank shall proceed with financing of start-ups and new ventures with outmost care and on exceptional cases.

Market and Liquidity Risk Strategy

The Bank aims to ensure the efficient monitoring of market risks that emanate from its overall activities. The Bank shall maintain a prudent approach in managing its exposure to market risk and liquidity risk. The Bank shall be protected against unforeseen market losses through the independent identification, assessment and understanding of the market risks inherent in the business.

Risk/return balances are provided by using appropriate financial instruments in the management of cash flows.

Positions on the basis of intra-day liquidity and foreign exchange are managed in a way that is compatible with the economic interests of the Bank.

Operational Risk Management Strategy

The Bank considers operational risk as a consequence of doing business and may tolerate the risk within limits as a matter of course to achieve its goals; however, the Bank embraces the zero-tolerance principle for risks such as non-compliance to applicable laws, regulations and regulatory frameworks and fraud.

Ratings Granted by Rating Agencies and their Contents

FITCH (October 12, 2022)	
Outlook	Negative
Long Term Foreign Currency	B-
Short Term Foreign Currency	B
Long Term Local Currency	B
Short Term Local Currency	B
Shareholder Support Rating	b-
National	AA(tur)
Viability	b-(Negative)

Summary Financial Data for the Past Five Years Including the Reporting Period

TL thousand	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total Assets	57,806,686	38,014,640	23,123,647	18,892,573	19,581,399
Loans	34,735,929	23,908,436	17,522,219	13,816,067	14,085,758
Deposits	40,047,920	24,634,663	13,942,287	11,563,046	10,060,455
Shareholders' Equity	5,093,950	2,474,409	1,670,057	1,919,275	1,875,980
Net Income/(Loss)	1,201,724	304,815	(267,414)	138,554	161,759
Guarantees and Sureties	10,108,785	7,046,550	5,171,767	3,479,247	2,319,967
Capital Adequacy Ratio	21.00	23.16	18.85	21.27	20.74

SECTION FOUR

CONSOLIDATED FINANCIAL STATEMENTS



Consolidated Financial Information

	31.12.2022 ^(*)	31.12.2021 ^(*)	(%)
Total Assets	63,747,990	41,971,781	51.9
Loans, factoring and financial lease receivables (Net)	39,525,479	27,769,619	42.3
Securities (Net)	7,377,921	1,685,348	337.8
Deposits	39,713,548	24,363,175	63.0
Funds Borrowed	12,885,431	11,889,236	8.4
Shareholders' Equity	5,093,950	2,474,409	105.9
Guarantees and Warranties	10,108,785	7,046,550	43.5
Current Year Income/ (Loss)	1,201,724	304,815	294.2
Capital Adequacy Ratio	19.09	20.88	(1.8)

(*) Based on Consolidated Financial Statements (TL thousand)

Information on Consolidated Subsidiaries

Our consolidated subsidiaries are presented below as of December 31, 2022:

Subsidiaries	Associates	Joint Ventures
1. Burgan Finansal Kiralama A.Ş.	-	-
2. Burgan Yatırım Menkul Değerler A.Ş.	-	-

Subsidiaries	Address (City / Country)	Bank's Share (%)	Share of Other Partners (%)
1 Burgan Finansal Kiralama A.Ş.	İstanbul/Turkey	99.99	0.01
2 Burgan Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	100	0

Main financial figures of the consolidated subsidiaries in the order of the above table:

	Total Assets	Shareholders' Equity	Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	7,471,780	881,534	1,367,786	781,838	-	276,891	68,028	-
2	613,270	214,908	8,472	58,420	3,027	37,613	22,005	-

APPENDIXES

Appendix 1

Compliance Opinion on the Annual Report

Appendix 2

Publicly Announced Unconsolidated Financial Statements and Related Disclosures together with Independent Audit Report at December 31, 2022

Appendix 3

Publicly Announced Consolidated Financial Statements and Related Disclosures Together with Independent Audit Report at December 31, 2022



(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the General Assembly of Burgan Bank A.Ş.

1) Opinion

As we have audited the full set consolidated and unconsolidated financial statements of Burgan Bank A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") for the period between 01/01/2022–31/12/2022, we have also audited the annual report for the same period.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our Auditor's Report dated 15 February 2023, the consolidated and unconsolidated financial information provided in the Management's annual report and the Management's discussions on the Bank's financial performance, are fairly presented in all material respects, and are consistent with the full set audited unconsolidated financial statements and the information obtained from our audit.

2) Basis for Qualified Opinion

The accompanying unconsolidated financial statements as at 31 December 2022 include a free provision amounting to TL 654,441 thousand, which had been recognized with the amount of TL 138,622 thousand as an expense in the prior period and TL 515,819 thousand of which has been recognized as an expense in the unconsolidated financial statements in the current period, provided by the Bank management for the potential circumstances which may arise from any changes in the economy or market conditions. If the mentioned free provision were not provided, the other provisions would decrease by TL 654,441 thousand and retained earnings would increase by TL 138,622 thousand as at 31 December 2022, profit before tax and net profit for the year would increase by TL 515,819 thousand for the year ended 31 December 2022.

The accompanying consolidated financial statements as at 31 December 2022 include a free provision amounting to TL 694,311 thousand, which had been recognized with the amount of TL 138,622 thousand as an expense in the prior period and TL 555,689 thousand of which has been recognized as expense in the consolidated financial statements in the current period, provided by the Bank management for the potential circumstances which may arise from any changes in the economy or market conditions. If the mentioned free provision were not provided, the other provisions would decrease by TL 694,311 thousand and retained earnings would increase by TL 138,622 thousand as at 31 December 2022, profit before tax and net profit for the year would increase by TL 555,689 thousand for the year ended 31 December 2022.

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Bank in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Auditor's Opinion for the Full Set Consolidated and Unconsolidated Financial Statements

We have presented qualified opinion for the Bank's full set consolidated and unconsolidated financial statements for the period between 01/01/2022–31/12/2022 in the Basis for Qualified Opinion section of our Auditor's Report dated 15 February 2023.

4) Management's Responsibility for the Annual Report

The Bank Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and the regulation on "Preparing and Publishing the Annual Report by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333 ("the Communiqué"):

- a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- b) Preparing the annual report with the all respects of the Bank's flow of operations for that year and the Bank's financial performance accurately, completely, directly and fairly. In this report, the financial position is assessed in accordance with the financial statements. The Bank's development and risks that the Bank may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- c) The annual report also includes the matters stated below:
 - The significant events occurred in the Bank's activities subsequent to the financial year ends,
 - The Bank's research and development activities,
 - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Banking Regulation and Supervision Agency and the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated and unconsolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the consolidated and unconsolidated financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit

The engagement partner on the audit resulting in this independent auditor's report is Mehmet Erol.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Mehmet Erol, SMMM
Engagement Partner

İstanbul, 10 March 2023

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDIT REPORT ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I.
OF SECTION THREE)

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND RELATED
DISCLOSURES TOGETHER WITH INDEPENDENT
AUDIT REPORT AS OF 31 DECEMBER 2022**

**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION
THREE)**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Burgan Bank A.Ş.

A) Report on the Audit of the Financial Statements

1) Qualified Opinion

We have audited the unconsolidated financial statements of Burgan Bank AŞ ("the Bank"), which comprise the unconsolidated balance sheet as at 31 December 2022, and the unconsolidated statement of income, unconsolidated statement of income and expense items accounted for under shareholders' equity, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and, notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters on the unconsolidated financial statements described in the Basis for the Qualified Opinion paragraphs, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as of 31 December 2022, and its unconsolidated financial performance and its cash flows for the year then ended in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and provisions of Turkish Accounting Standards (TAS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

The accompanying unconsolidated financial statements as of 31 December 2022 include a free provision amounting to TL 654,441 thousand, which had been recognized with the amount of TL 138,622 thousand in the prior period and TL 515,819 thousand of which has been reversed in the current period, for the potential circumstances which may arise from any changes in the economy or market conditions. If the mentioned free provision were not provided, the other provisions would decrease by TL 654,441 thousand and retained earnings would increase by TL 138,622 thousand as of 31 December 2022, and other operating income, profit before tax and net profit for the year would decrease by TL 515,819 thousand for the year ended 31 December 2022.

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing (SIA) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report

Key Audit Matters	How the matter was addressed in the audit
<p><i>Impairment of loans in accordance with TFRS 9 Financial Instruments Standard (“TFRS 9”)</i></p> <p>Impairment of loans is a key area of judgment for the management. The Bank has the total loans and receivables amounting to TL 36,781,908 thousands, which comprise 64% of the Bank’s total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 2,046,022 thousand as at 31 December 2022.</p> <p>As of 1 January 2018, the Bank has started to recognize provisions for impairment on loans measured at amortized cost in accordance with TFRS 9 and also “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750.</p> <p>The method of making loan provisions within the framework of the relevant legislation of the BRSA, which is explained in detail in the accounting policy no. VIII of Section Three, has been changed by applying the expected credit losses model with the implementation of TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Bank exercises significant decisions using</p>	<p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have assessed and analysed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.</p> <p>We have performed loan review procedures on selected samples of loans and receivables with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p>We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable regarding, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether</p>

<p>judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models.</p> <p>Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.</p> <p>Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.6.</p>	<p>the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p>We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p>We have tested whether the model is applied to appropriate segments of assets which share credit risk characteristics and whether the historical loss rates were incurred under economic conditions representative of those that may exist during the assets' exposure periods.</p> <p>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p>Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements underlying the estimations of impairments were reasonable.</p> <p>As per the Bank's practice, the reasonableness of the provisions set aside for the individually assessed loans was checked with the assumptions and estimations, as well as supportable data, and evaluated within the framework of the discussions with the Bank's management.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loans and receivables and related impairment provisions.</p>
--	--

<p><i>Information technologies audit</i></p> <p>The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping..</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> • We identified and tested the Banks' controls over information systems as part of our audit procedures. • Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> • Access Security • Change Management • Data Center and Network Operations • We selected high-risk control areas as creating and monitoring database-level audit trails and change management control activities for the prevention and prevention of unauthorized access to financial data. • We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation. • Automated controls and integration controls were tested to underly and detect changes and accesses in the process of financial data generation. • We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components. <p>Finally, we tested the controls over database, network, application and operating system layers of applications.</p>

4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank Management is responsible for the preparation and fair presentation of the financial statements in accordance with the BRSA Accounting and Reporting Regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Responsibilities Arising From Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mehmet Erol.

Additional paragraph for convenience translation to English

BRSA Accounting and Reporting Regulations explained in detail in Section 3 differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Mehmet Erol
Partner

İstanbul, 15 February 2023

**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)**

**THE UNCONSOLIDATED FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 31 DECEMBER 2022**

Address of the Bank's Head Office : Maslak Mahallesi, Eski Büyükdere Caddesi, No:13
34485 Sarıyer / İstanbul

Telephone and Fax Numbers of the Bank : Telephone : 0 212 371 37 37
Fax : 0 212 371 42 42

The Bank's Website : www.burgan.com.tr

Contact E-mail : bilgi@burgan.com.tr

The unconsolidated period end financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency.

- **Section One** **GENERAL INFORMATION ABOUT THE BANK**
- **Section Two** **UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK**
- **Section Three** **EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD**
- **Section Four** **INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK**
- **Section Five** **EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**
- **Section Six** **OTHER EXPLANATIONS**
- **Section Seven** **INDEPENDENT AUDIT REPORT**

The accompanying unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira ("TL"), have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been audited.

15 February 2023

Emin Hakan EMİNSOY
Chairman of the
Board of Directors

Ali Murat DİNÇ
Member of the Board of
Directors and
General Manager

Zeynep BOZKURT
Deputy Chief Executive
Officer, Vice General
Manager of Financial
Affairs

Bahadır AKSU
Head of Accounting,
Tax, and Reporting Unit

Hasan KILIÇ
Head of the Audit Committee

Khaled F.A.O. ALZOUMAN
Member of the Audit Committee

Moustapha CHAMI
Member of the Audit Committee

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname / Title : Bahadır AKSU / Director
Telephone Number : 0 212 371 34 88
Fax Number : 0 212 371 42 48

TABLE OF CONTENTS

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

	<u>PAGE</u>
I. Bank's foundation date, start-up statute, history about the changes in this mentioned statute	3
II. Explanation about the Bank's capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to	4
III. Explanation on the board of directors, members of the audit committee, president and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess	5
IV. Explanation on shareholders having control shares	6
V. Information on the Bank's service type and field of operations	6
VI. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the parent bank and its subsidiaries	6

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

I. Balance sheet	8
II. Off-balance sheet	10
III. Statements of profit or loss	11
IV. Statement of profit or loss and other comprehensive income	12
V. Statement of changes in shareholders' equity	13
VI. Statement of cash flows	15
VII. Statement of profit distribution	16

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD

I. Basis of presentation	17
II. Explanations on strategy of using financial instruments and foreign currency transactions	19
III. Explanations on Consolidated Subsidiaries	19
IV. Explanations on forward transactions, options and derivative instruments	20
V. Explanations on interest income and expenses	20
VI. Explanations on fee and commission income and expenses	21
VII. Explanations on financial assets	21
VIII. Explanations on expected credit losses	23
IX. Explanations on offsetting financial assets	26
X. Explanations on sales and repurchase agreements and securities lending transactions	26
XI. Explanations on tangible assets held for resale, discontinued operations and liabilities regarding those assets	26
XII. Explanations on goodwill and other intangible assets	27
XIII. Explanations on tangible assets	27
XIV. Explanations on leasing transactions	28
XV. Explanations on provisions and contingent commitments	30
XVI. Explanations on contingent assets	30
XVII. Explanations on obligations related to employee rights	30
XVIII. Explanations on taxation	31
XIX. Additional explanations on borrowings	32
XX. Explanations on issuance of share certificates	32
XXI. Explanations on avalized drafts and acceptances	32
XXII. Explanations on government grants	33
XXIII. Explanations on profit reserves and profit distribution	33
XXIV. Explanations on earnings per share	33
XXV. Explanations on related parties	33
XXVI. Explanations on cash and cash equivalents	34
XXVII. Explanations on segment reporting	34
XXVIII. Classifications	34

SECTION FOUR

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK

I. Explanations on equity	35
II. Explanations on credit risk	40
III. Explanations on risk management	53
IV. Explanations on Operational Risk	83
V. Explanations on currency risk	84
VI. Explanations on interest rate risk	87
VII. Explanations on share certificate position risk	90
VIII. Explanations on liquidity risk management and liquidity coverage ratio	91
IX. Explanation on leverage ratio	99
X. Explanation on hedge transactions	100
XI. Explanation regarding the presentation of financial assets and liabilities at their fair value	101
XII. Explanation on the activities carried out on behalf and account of other parties	103
XIII. Explanations on operating segments	104

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets	106
II. Explanations and notes related to liabilities	122
III. Explanations and notes related to off-balance sheet accounts	131
IV. Explanations and notes related to income statement	134
V. Explanations and notes related to changes in shareholders' equity	141
VI. Explanations and notes related to statement of cash flows	142
VII. Explanations related to bank's risk group	144
VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the bank	146
IX. Explanations and notes related to subsequent events	146

SECTION SIX

OTHER EXPLANATIONS

I. Explanations on related to bank's operations	147
---	-----

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT

I. Explanations on the independent audit report	147
II. Explanations and notes prepared by independent auditor	147

BURGAN BANK A.Ş.

EXPLANATIONS AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. BANK'S FOUNDATION DATE, START-UP STATUTE, HISTORY ABOUT THE CHANGES IN THIS MENTIONED STATUTE:

Tekfen Yatırım ve Finansman Bankası A.Ş. was established as an "investment bank" with the permission of the Council of Ministers No. 88/13253 on 26 August 1988 and authorised to conduct finance investment and foreign trade activities. Banking operations commenced on 7 August 1989.

Bank Ekspres A.Ş. ("Bank Ekspres") was established with the permission of the Council of Ministers in decision No. 91/2316 on 22 September 1991; "The Decree of Establishment Permission" was published in the Official Gazette numbered 21017 and dated 10 October 1991. The Articles of Association was published in the Trade Registry Gazette numbered 2969 and dated 18 February 1992. The Turkish Savings Deposit and Insurance Fund ("SDIF") took over the management of Bank Ekspres A.Ş. due to the poor fiscal structure of the bank on 23 October 1998.

According to the Share Transfer Agreement signed between the SDIF and Tekfen Holding A.Ş. on 30 June 2001, 2,983,800,000 shares with a nominal value of Kr 1 each and which amount to 99.46% of the capital of Bank Ekspres A.Ş. under the control of the SDIF in accordance with Banking Law were transferred to Tekfen Holding A.Ş. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., where Tekfen Holding A.Ş. owns 57.69% of the Bank, by Bank Ekspres A.Ş. was permitted by the Banking Regulation and Supervision Agency's ("BRSA") decision numbered 489 dated 18 October 2001. The share transfers were realised on 26 October 2001 and the bank's name was changed to Tekfenbank Anonim Şirketi (the "Bank"), which had two main shareholders: Tekfen Holding A.Ş. with 57.30% and TST International S.A. with 40.62%.

EFG Eurobank Ergasias S.A. ("Eurobank EFG") and Tekfen Holding A.Ş. ("Tekfen Group") signed an agreement as of 8 May 2006, that anticipated Eurobank EFG to purchase Tekfen Group's 70% share in Tekfenbank A.Ş. and Tekfen Finansal Kiralama A.Ş. which is fully owned by Tekfenbank; where Tekfen Group retained its strategic partnership by keeping all remaining shares. On 23 February 2007, the sale of Tekfenbank A.Ş. to Eurobank EFG Holding (Luxembourg) S.A. ("Eurobank EFG Holding") was approved by the BRSA and the sale was completed after the share transfer on 16 March 2007.

Under the agreement regarding the sale of Eurobank Ergasias S.A.'s Turkey operations to Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K.), 70% of the bank shares belonging to Eurobank EFG Holding (Luxembourg) S.A. and 29.26% of the shares belonging to Tekfen Holding A.Ş. are bought by Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K.) in 7 December 2012 in accordance with the Banking Regulation and Supervision Agency's authorization, and then 99.26% of the bank shares are turned over to Burgan Bank K.P.S.C (formerly Burgan Bank S.A.K.) in 21 December 2012.

At the Extraordinary Board of Directors meeting on 23 January 2013, the title of the Bank has been decided to change from Eurobank Tekfen A.Ş. to Burgan Bank A.Ş. ("the Bank"), and has been registered to the Turkish Trade Registry as of 25 January 2013.

BURGAN BANK A.Ş.

EXPLANATIONS AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

GENERAL INFORMATION ABOUT THE BANK (Continued):

II. EXPLANATION ABOUT THE BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO:

The Bank's registered capital ceiling is 4 billion full TL.

The Bank's capital amounts to full TL 2,655,500,000.

In accordance with the Decision of the Board of Directors of the Bank dated 12 May 2022 and numbered 2022/19, the required permission was obtained from Banking Regulation and Supervision Agency regarding increasing the capital amounting to TL 1,890,000,000 by TL 765,500,000 to TL 2,655,500,000, being within the limit of registered capital ceiling amounting to TL 4,000,000,000, and it was notified that there is no objection for consummation of transactions regarding the capital increase. In this context, the capital amount provided by the shareholders were transferred to the paid-in capital account and it is registered and announced in the Turkish Trade Registry Gazette dated 22 June 2022 and numbered 10604.

There is no change in the shareholding structure of the Bank.

Founded in 1977, Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K), as an affiliate of KIPCO Group (Kuwait Projects Company), one of the largest holding groups of the MENA region (Middle East and North Africa), is among the significant banking groups in the region. Besides Kuwait, Burgan Bank Group also operates as a main shareholder with its affiliate banks in Algeria (Gulf Bank Algeria), Iraq (Bank of Baghdad), and Tunisia (Tunis International Bank).

BURGAN BANK A.Ş.
EXPLANATIONS AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

GENERAL INFORMATION ABOUT THE BANK (Continued):

III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE BANK THEY POSSESS:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Emin Hakan Eminsoy	Chairman of the Board of Directors	Undergraduate
Board of Directors Members: (*) (**)	Abdelkarim A. S. Kabariti	Deputy Chairman	Undergraduate
	Mehmet Alev Göçmez	Member	Graduate
	Khaled F.A.O. Alzouman	Member	Undergraduate
	Hasan Kılıç	Member	Undergraduate
	Fadhil M. GH. A. Abdullah	Member	Undergraduate
	Mohammad M. A. H. S. Almael	Member	Graduate
	Moustapha Chami	Member	Graduate
	Ali Murat Dinç	Member and General Manager	Graduate
General Manager:	Ali Murat Dinç	Member and General Manager	Graduate
Deputy General Managers:	Suat Kerem Sözügüzel	Commercial & Corporate Banking	Graduate
	Zeynep Bozkurt	Financial Affairs	Graduate
Vice General Managers: (**)	Esra Aydın	Operations & Management Services	Graduate
	Cihan Vural	Internal Systems	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Suat Kerem Sözügüzel	Commercial & Corporate Banking	Graduate
	Banu Ertürk	Loans Monitoring and Legal Follow-Up	Undergraduate
	Darço Akkaranfil	Information Technologies	Graduate
	Zeynep Bozkurt	Financial Affairs	Graduate
	Ayşen Aslı Koçer	Savings Management	Undergraduate
	Yener Yazlalı	Credits	Graduate
	Halil Özcan	Digital Banking	Undergraduate
	Tuba Onay Ergelen	Risk Management	Undergraduate
	Erdal Arda Türerer	Treasury, Capital Markets and Financial Institutions	Graduate
Audit Committee: (***)	Hasan Kılıç	Committee President	Undergraduate
	Khaled F.A.O. Alzouman	Member	Undergraduate
	Moustapha Chami	Member	Graduate

(*) Member of the Board of Directors Osama T. Al Ghousein resigned on 31 March 2022.

(**) Halil Özcan started his duty on 21 February 2022 as Assistant General Manager of Digital Banking. Tuba Onay Ergelen was promoted as the Assistant General Manager of Risk Management on 1 March 2022. Erdal Arda Türerer; He was promoted as Assistant General Manager of Treasury, Capital Markets and Financial Institutions on 1 March 2022.

(***) Moustapha Chami was appointed as a Member of the Board of Directors on 15 June 2022.

(****) At the Board of Directors meeting dated 27 July 2022, Hasan Kılıç was elected as the Chairman of the Audit Committee and Moustapha Chami as a Member of the Audit Committee.

There is no share of the above individuals in the Bank.

BURGAN BANK A.Ş.

EXPLANATIONS AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

GENERAL INFORMATION ABOUT THE BANK (Continued):

IV. EXPLANATION ON SHAREHOLDERS HAVING CONTROL SHARES:

Name/Commercial Title	Share Amounts	Share Percentage	Paid-in Capital	Unpaid Portion
Burgan Bank K.P.S.C.	2,639,882	99.41%	99.41%	-

Based on the Principal Agreement, the Bank has 1 million founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

V. INFORMATION ON THE BANK'S SERVICE TYPE AND FIELD OF OPERATIONS:

As of 31 December 2022, the Bank, whose headquarter located in Istanbul, has 32 branches operating in Turkey (31 December 2021: 32). The Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2022, the Bank has 1,020 (31 December 2021: 928) employees.

VI. CURRENT OR LIKELY ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES:

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

- I. Balance sheet (Statement of financial position)
- II. Off-balance sheet
- III. Statement of profit or loss
- IV. Statement of profit or loss and other comprehensive income
- V. Statement of changes in shareholders' equity
- VI. Statement of cash flows
- VII. Statement of profit distribution

BURGAN BANK A.Ş.
UNCONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2022 AND 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. BALANCE SHEET	Note (Section Five)	Audited 31/12/2022			Audited 31/12/2021		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. FINANCIAL ASSETS (Net)		6.065.545	8.502.614	14.568.159	4.034.915	6.684.532	10.719.447
1.1 Cash and Cash Equivalents		3.204.225	6.629.633	9.833.858	682.102	6.263.183	6.945.285
1.1.1 Cash and Central Bank	I-a	1.219.549	5.629.209	6.848.758	451.718	5.940.133	6.391.851
1.1.2 Banks	I-c	175.491	1.000.424	1.175.915	230.440	323.050	553.490
1.1.3 Receivables from Money Markets		1.809.256	-	1.809.256	-	-	-
1.1.4 Expected Credit Losses (-)		71	-	71	56	-	56
1.2 Financial Assets at Fair Value through Profit or Loss	I-b	478.669	124.703	603.372	16.128	118.796	134.924
1.2.1 Public Debt Securities		382.608	18.311	400.919	529	1.789	2.318
1.2.2 Subordinated Debt Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		96.061	106.392	202.453	15.599	117.007	132.606
1.3 Financial Assets at Fair Value through Other Comprehensive Income	I-d	1.341.741	262.162	1.603.903	573.771	93.408	667.179
1.3.1 Public Debt Securities		1.334.067	262.162	1.596.229	566.097	93.408	659.505
1.3.2 Subordinated Debt Instruments		7.674	-	7.674	7.674	-	7.674
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	I-l	1.040.910	1.486.116	2.527.026	2.762.914	209.145	2.972.059
1.4.1 Derivative Financial Assets at Fair Value through Profit or Loss		120.285	366.402	486.687	1.400.100	128.615	1.528.715
1.4.2 Derivative Financial Assets at Fair Value through Other Comprehensive Income		920.625	1.119.714	2.040.339	1.362.814	80.530	1.443.344
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		23.015.062	17.101.530	40.116.592	11.540.159	13.391.732	24.931.891
2.1 Loans	I-e-f	20.267.866	16.514.042	36.781.908	12.331.744	13.656.299	25.988.043
2.2 Receivables from Leasing Transactions	I-k	-	-	-	-	-	-
2.3 Faktoring Receivables	I-e-f	-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	I-g	3.679.178	1.701.528	5.380.706	-	1.023.468	1.023.468
2.4.1 Public Debt Securities		3.679.178	1.701.528	5.380.706	-	1.023.468	1.023.468
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)	I-e-f	931.982	1.114.040	2.046.022	791.585	1.288.035	2.079.620
III. NON-CURRENTS ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)	I-r	855.289	-	855.289	1.039.002	-	1.039.002
3.1 Held for Sale		855.289	-	855.289	1.039.002	-	1.039.002
3.2 Held from Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN PARTNERSHIP		1.096.358	-	1.096.358	669.736	-	669.736
4.1 Associates (Net)	I-h	-	-	-	-	-	-
4.1.1 Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	I-i	1.096.358	-	1.096.358	669.736	-	669.736
4.2.1 Non-Consolidated Financial Subsidiaries		1.096.358	-	1.096.358	669.736	-	669.736
4.2.2 Non-Consolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	I-j	-	-	-	-	-	-
4.3.1 Jointly Controlled Partnerships Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnerships		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	I-m	207.119	-	207.119	148.917	-	148.917
VI. INTANGIBLE ASSETS (Net)	I-n	81.502	-	81.502	51.007	-	51.007
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		81.502	-	81.502	51.007	-	51.007
VII. INVESTMENT PROPERTIES (Net)		-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		-	-	-	2.829	-	2.829
IX. DEFERRED TAX ASSETS	I-p	164.843	-	164.843	24.389	-	24.389
X. OTHER ASSETS (Net)	I-s	676.612	40.212	716.824	423.468	3.954	427.422
TOTAL ASSETS		32.162.330	25.644.356	57.806.686	17.934.422	20.080.218	38.014.640

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.
UNCONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2022 AND 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. BALANCE SHEET	Note (Section Five)	Audited 31/12/2022			Audited 31/12/2021		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	25,415,468	14,632,452	40,047,920	6,293,972	18,340,691	24,634,663
II. LOANS RECEIVED	II-c	15,216	1,552,390	1,567,606	10,553	3,775,895	3,786,448
III. PAYABLES TO MONEY MARKET		731,388	600,907	1,332,295	1,295	210,613	211,908
IV. ISSUED SECURITIES (Net)	II-d	-	-	-	-	-	-
4.1 Bonds		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bills		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	II-b	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-g	316,888	644,236	961,124	871,052	158,407	1,029,459
7.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		94,204	461,330	555,534	735,350	107,245	842,595
7.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		222,684	182,906	405,590	135,702	51,162	186,864
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	II-f	81,251	-	81,251	74,211	-	74,211
X. PROVISIONS	II-h	215,775	676,933	892,708	85,030	161,447	246,477
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Provision for Employee Benefits		189,517	-	189,517	69,674	-	69,674
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		26,258	676,933	703,191	15,356	161,447	176,803
XI. CURRENT TAX PAYABLES	II-i	463,055	-	463,055	49,701	-	49,701
XII. DEFERRED TAX PAYABLES	II-i	-	-	-	-	-	-
XIII. PAYABLES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	II-j	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	II-k	-	3,771,359	3,771,359	-	3,347,213	3,347,213
14.1 Loans		-	3,771,359	3,771,359	-	3,347,213	3,347,213
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-e	989,587	2,605,831	3,595,418	493,305	1,666,846	2,160,151
XVI. EQUITY	II-l	4,479,688	614,262	5,093,950	2,464,139	10,270	2,474,409
16.1 Paid-in Capital		2,655,500	-	2,655,500	1,890,000	-	1,890,000
16.2 Capital Reserves		(6,321)	-	(6,321)	(2,532)	-	(2,532)
16.2.1 Equity Share Premiums		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(6,321)	-	(6,321)	(2,532)	-	(2,532)
16.3 Other Accumulated Comprehensive Income that Will Not be Reclassified in Profit or Loss		12,624	-	12,624	24,222	-	24,222
16.4 Other Accumulated Comprehensive Income That Will be Reclassified in Profit or Loss		171,051	614,262	785,313	123,047	10,270	133,317
16.5 Profit Reserves		429,402	-	429,402	124,587	-	124,587
16.5.1 Legal Reserves		31,287	-	31,287	25,728	-	25,728
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		398,010	-	398,010	98,754	-	98,754
16.5.4 Other Profit Reserves		105	-	105	105	-	105
16.6 Profit or Loss		1,217,432	-	1,217,432	304,815	-	304,815
16.6.1 Prior Years' Profits or Losses		15,708	-	15,708	-	-	-
16.6.2 Current Period Net Profit or Loss		1,201,724	-	1,201,724	304,815	-	304,815
16.7 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		32,708,316	25,098,370	57,806,686	10,343,258	27,671,382	38,014,640

The accompanying explanations and notes form an integral part of these financial statements.

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

FOR THE PERIODS ENDED 31 DECEMBER 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II.	OFF-BALANCE SHEET	Note (Section Five)	Audited 31/12/2022			Audited 31/12/2021		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		30,815,195	72,883,805	103,699,000	14,777,568	60,414,608	75,192,176
I.	GUARANTEES AND WARRANTIES	III-a-2-3	5,307,122	4,801,663	10,108,785	1,664,992	5,381,558	7,046,550
1.1.	Letters of Guarantee		3,825,522	1,526,334	5,351,856	1,592,992	1,495,196	3,088,188
1.1.1.	Guarantees Subject to State Tender Law		11,621	789	12,410	13,542	562	14,104
1.1.2.	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3.	Other Letters of Guarantee		3,813,901	1,525,545	5,339,446	1,579,450	1,494,634	3,074,084
1.2.	Bank Loans		35,400	13,267	48,667	-	209,466	209,466
1.2.1.	Import Letter of Acceptance		35,400	13,267	48,667	-	209,466	209,466
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		40,000	2,537,801	2,577,801	-	2,515,966	2,515,966
1.3.1.	Documentary Letters of Credit		40,000	2,537,801	2,577,801	-	2,515,966	2,515,966
1.3.2.	Other Letters of Credit		-	-	-	-	-	-
1.4.	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7.	Factoring Guarantees		-	-	-	-	-	-
1.8.	Other Guarantees		1,406,200	724,261	2,130,461	72,000	1,160,930	1,232,930
1.9.	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	III-a-1	615,729	609,013	1,224,742	1,323,073	1,127,229	2,450,302
2.1.	Irrevocable Commitments		615,729	609,013	1,224,742	1,323,073	1,127,229	2,450,302
2.1.1.	Asset Purchase Commitments		185,000	609,013	794,013	785,280	1,127,229	1,912,509
2.1.2.	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4.	Commitments for Loan Limits		272,366	-	272,366	375,348	-	375,348
2.1.5.	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7.	Commitments for Cheques		98,941	-	98,941	81,744	-	81,744
2.1.8.	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9.	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10.	Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
2.1.11.	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12.	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13.	Other Irrevocable Commitments		59,422	-	59,422	80,701	-	80,701
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		24,892,344	67,473,129	92,365,473	11,789,503	53,905,821	65,695,324
3.1.	Hedging Derivative Financial Instruments		3,207,042	23,320,253	26,527,295	1,941,698	10,269,552	12,211,250
3.1.1.	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2.	Transactions for Cash Flow Hedge		3,207,042	23,320,253	26,527,295	1,941,698	10,269,552	12,211,250
3.1.3.	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2.	Trading Transactions		21,685,302	44,152,876	65,838,178	9,847,805	43,636,269	53,484,074
3.2.1.	Forward Foreign Currency Buy-Sell Transactions		958,200	1,101,744	2,059,944	63,147	461,798	524,945
3.2.1.1.	Forward Foreign Currency Transactions-Buy		958,200	86,278	1,044,478	57,935	201,015	258,950
3.2.1.2.	Forward Foreign Currency Transactions-Sell		-	1,015,466	1,015,466	5,212	260,783	265,995
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		8,625,231	29,490,149	38,115,380	9,001,635	40,457,268	49,458,903
3.2.2.1.	Foreign Currency Swap-Buy		3,531,549	12,653,916	16,185,465	1,644,276	16,735,347	18,379,623
3.2.2.2.	Foreign Currency Swap-Sell		4,593,682	11,588,471	16,182,153	7,147,359	10,645,405	17,792,764
3.2.2.3.	Interest Rate Swap-Buy		250,000	2,623,881	2,873,881	105,000	6,538,258	6,643,258
3.2.2.4.	Interest Rate Swap-Sell		250,000	2,623,881	2,873,881	105,000	6,538,258	6,643,258
3.2.3.	Foreign Currency, Interest Rate and Securities Options		11,613,515	13,093,525	24,707,040	648,267	2,602,574	3,250,841
3.2.3.1.	Foreign Currency Options-Buy		9,851,777	2,647,813	12,499,590	545,677	960,786	1,506,463
3.2.3.2.	Foreign Currency Options-Sell		1,761,738	10,445,712	12,207,450	102,590	1,641,788	1,744,378
3.2.3.3.	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4.	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5.	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6.	Securities Options-Sell		-	-	-	-	-	-
3.2.4.	Futures Transactions		488,356	467,458	955,814	134,756	114,629	249,385
3.2.4.1.	Futures Transactions-Buy		488,356	-	488,356	111,427	26,658	138,085
3.2.4.2.	Futures Transactions-Sell		-	467,458	467,458	23,329	87,971	111,300
3.2.5.	Futures Interest Trading Transactions		-	-	-	-	-	-
3.2.5.1.	Futures Interest Transactions-Buy		-	-	-	-	-	-
3.2.5.2.	Futures Interest Transactions-Sell		-	-	-	-	-	-
3.2.6.	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		154,442,397	302,991,431	457,433,828	103,605,866	146,594,016	250,199,882
IV.	ITEMS HELD IN CUSTODY		9,725,072	8,540,213	18,265,285	2,863,349	4,298,762	7,162,111
4.1.	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		5,129,758	8,189,953	13,319,711	763,980	2,878,374	3,642,354
4.3.	Cheques Received for Collection		3,144,098	56,264	3,200,362	1,932,915	249,852	2,182,767
4.4.	Commercial Notes Received for Collection		15,016	17,118	32,134	20,454	13,707	34,161
4.5.	Other Assets Received for Collection		-	-	-	-	-	-
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		1,436,200	276,878	1,713,078	146,000	1,156,829	1,302,829
4.8.	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		144,497,149	294,451,218	438,948,367	100,522,341	142,295,254	242,817,595
5.1.	Marketable Securities		1,365,501	-	1,365,501	171,003	-	171,003
5.2.	Guarantee Notes		25,904,515	52,650,268	78,554,783	22,484,916	39,594,685	62,079,601
5.3.	Commodity		2,757,975	1,912,416	4,670,391	3,718,689	4,914,930	8,633,619
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovable		109,413,251	227,376,544	336,789,795	71,551,856	87,374,886	158,926,742
5.6.	Other Pledged Items		5,055,907	12,511,990	17,567,897	2,595,877	10,410,753	13,006,630
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		220,176	-	220,176	220,176	-	220,176
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		185,257,592	375,875,236	561,132,828	118,383,434	207,008,624	325,392,058

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIODS ENDED 31 DECEMBER 2022 AND 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. STATEMENT OF PROFIT OR LOSS		Note		
INCOME AND EXPENSE ITEMS		(Section Five)	Audited 01/01/2022-31/12/2022	Audited 01/01/2021-31/12/2021
I.	INTEREST INCOME	IV-a	6,295,116	2,450,185
1.1	Interest Received from Loans		4,217,644	1,828,336
1.2	Interest Received from Reserve Deposits		11,002	38,292
1.3	Interest Received from Banks		36,789	45,079
1.4	Interest Received from Money Market Transactions		124,587	18,813
1.5	Interest Received from Securities		754,823	107,874
1.5.1	Financial Assets at Fair Value through Profit or Loss		15,221	2,020
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		255,509	61,290
1.5.3	Financial Assets Measured at Amortized Cost		484,093	44,564
1.6	Finance Lease Interest Income		-	-
1.7	Other Interest Income	IV-k	1,150,271	411,791
II.	INTEREST EXPENSES (-)	IV-b	4,703,636	1,894,671
2.1	Interest on Deposits		2,751,933	1,047,724
2.2	Interests Given to Used Loans		271,133	144,254
2.3	Interest on Money Market Transactions		92,393	5,132
2.4	Interest on Securities Issued		-	-
2.5	Finance Lease Interest Expenses		13,262	11,609
2.6	Other Interest Expenses	IV-l	1,574,915	685,952
III.	NET INTEREST INCOME/EXPENSE (I - II)		1,591,480	555,514
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		310,984	37,924
4.1	Fees and Commissions Received		361,844	57,915
4.1.1	Non-Cash Loans		48,803	36,032
4.1.2	Other	IV-l	313,041	21,883
4.2	Fees and Commissions Paid (-)		50,860	19,991
4.2.1	Non-Cash Loans (-)		45	56
4.2.2	Other (-)	IV-k	50,815	19,935
V.	DIVIDEND INCOME	IV-c	24	19
VI.	TRADING PROFIT/LOSS (Net)	IV-d	333,808	198,299
6.1	Profit/Losses from Capital Market Transactions		144,739	29,792
6.2	Profit/Losses from Derivative Financial Transactions		(108,093)	(9,098)
6.3	Foreign Exchange Profit/Losses		297,162	177,605
VII.	OTHER OPERATING INCOME	IV-e	213,948	213,215
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		2,450,244	1,004,971
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-f	(331,264)	255,195
X.	OTHER PROVISION EXPENSES (-)	IV-f	462,701	-
XI.	PERSONNEL EXPENSES (-)		544,249	270,349
XII.	OTHER OPERATING EXPENSES (-)	IV-g	437,876	225,018
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		1,336,682	254,409
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		314,504	90,033
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	IV-h	1,651,186	344,442
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-i	(449,462)	(39,627)
18.1	Current Tax Provision		756,083	-
18.2	Expense Effect of Deferred Tax (+)		187,387	385,825
18.3	Income Effect of Deferred Tax (-)		494,008	346,198
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-j	1,201,724	304,815
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Assets Held For Sale		-	-
20.2	Profit from Sale of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Other Income from Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on Assets Held for Sale		-	-
21.2	Losses from Sale of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Other Expenses from Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Provision		-	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSS FOR THE PERIOD (XIX+XXIV)	IV-k	1,201,724	304,815
	Profit / (Loss) per share (1,000 nominal in TL full)		5,135	1,690

The accompanying explanations and notes form an integral part of these financial statement.

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited	Audited
	01/01/2022-31/12/2022	01/01/2021-31/12/2021
I. PROFIT/LOSS FOR THE PERIOD	1,201,724	304,815
II. OTHER COMPREHENSIVE INCOME	640,398	146,228
2.1 Items not to be Reclassified to Profit or Loss	(11,598)	6,266
2.1.1 Revaluation Increase/Decrease of Tangible Assets	22,945	11,914
2.1.2 Revaluation Increase/Decrease of Intangible Assets	-	-
2.1.3 Defined Benefit Plans Remeasurement Gains/Loss	(41,648)	(5,571)
2.1.4 Other Comprehensive Income not to be Reclassified to Profit or Loss	-	-
2.1.5 Tax Related to Other Comprehensive Income not to be Reclassified to Profit or Loss	7,105	(77)
2.2 Items to be Reclassified to Profit or Loss	651,996	139,962
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Gains/Losses on Valuation or Reclassification Arising from Financial Assets at Fair Value Through Other Comprehensive Income	151,474	(70,998)
2.2.3 Gains/Losses Arising on Cash Flow Hedges	728,090	238,623
2.2.4 Gains/Losses Arising on Net Investment Hedges	-	-
2.2.5 Other Comprehensive Income to be Reclassified to Profit or Loss	-	-
2.2.6 Tax Related to Other Comprehensive Income to be Reclassified to Profit or Loss	(227,568)	(27,663)
III. TOTAL COMPREHENSIVE INCOME (I+II)	1,842,122	451,043

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss			Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss						
Audited CURRENT PERIOD 31.12.2022	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit / (Loss)	Current Period Net Income or Loss	Total Shareholders' Equity
I. Prior Period End Balance	II-I	1,890,000	-	-	(2,532)	34,176	(9,954)	-	-	(52,206)	185,523	124,587	304,815	-	2,474,409
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1,890,000	-	-	(2,532)	34,176	(9,954)	-	-	(52,206)	185,523	124,587	304,815	-	2,474,409
IV. Total Comprehensive Income		-	-	-	-	19,129	(30,727)	-	-	116,869	535,127	-	-	1,201,724	1,842,122
V. Capital Increase in Cash		765,500	-	-	-	-	-	-	-	-	-	-	-	-	765,500
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain/Loss Related to Other Changes		-	-	-	(3,789)	-	-	-	-	-	-	-	15,708	-	11,919
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	304,815	(304,815)	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	304,815	(304,815)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		2,655,500	-	-	(6,321)	53,305	(40,681)	-	-	64,663	720,650	429,402	15,708	1,201,724	5,093,950

1. Tangible assets revaluations increases / decreases,

2. Accumulated re-measurement gains / losses of defined benefit plans,

3. Other (the share of other comprehensive income of the investments accounted by the equity method that cannot be classified as profit / loss and the accumulated amount of other comprehensive income items that will not be reclassified as other profit / loss),

4. Foreign currency translation differences,

5. Accumulated revaluation and / or classification gains / losses on financial assets at fair value through other comprehensive income,

6. Other (Cash flow hedging gains / losses, share of other comprehensive income of equity method investees classified as profit / loss and accumulated other comprehensive income to be reclassified as other profit or loss).

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss			Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss						
Audited PRIOR PERIOD 31.12.2021	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit / (Loss)	Current Period Net Income or Loss	Total Shareholders' Equity
I. Prior Period End Balance	II-1	1,535,000	-	-	(736)	23,452	(5,496)	-	-	3,592	(10,237)	398,179	(273,697)	-	1,670,057
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1,535,000	-	-	(736)	23,452	(5,496)	-	-	3,592	(10,237)	398,179	(273,697)	-	1,670,057
IV. Total Comprehensive Income		-	-	-	-	10,724	(4,458)	-	-	(55,798)	195,760	-	-	304,815	451,043
V. Capital Increase in Cash		355,000	-	-	-	-	-	-	-	-	-	-	-	-	355,000
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease Related to Other Changes		-	-	-	(1,796)	-	-	-	-	-	-	105	-	-	(1,691)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	(273,697)	273,697	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	(273,697)	273,697	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1,890,000	-	-	(2,532)	34,176	(9,954)	-	-	(52,206)	185,523	124,587	-	304,815	2,474,409

1. Tangible assets revaluations increases / decreases,

2. Accumulated re-measurement gains / losses of defined benefit plans,

3. Other (the share of other comprehensive income of the investments accounted by the equity method that cannot be classified as profit / loss and the accumulated amount of other comprehensive income items that will not be reclassified as other profit / loss),

4. Foreign currency translation differences,

5. Accumulated revaluation and / or classification gains / losses on financial assets at fair value through other comprehensive income,

6. Other (Cash flow hedging gains / losses, share of other comprehensive income of equity method investees classified as profit / loss and accumulated other comprehensive income to be reclassified as other profit or loss).

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
AS OF 31 DECEMBER 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	Audited 31/12/2022	Audited 31/12/2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Assets and Liabilities in the Field of Activity of Banking		1,701,203	(828,284)
1.1.1 Interest Received		5,807,008	2,419,802
1.1.2 Interest Paid		(4,356,274)	(1,853,733)
1.1.3 Dividend Received		24	19
1.1.4 Fees and Commissions Received		279,609	28,573
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		539,747	352,466
1.1.7 Payments to Personnel and Service Suppliers		(544,249)	(270,349)
1.1.8 Taxes Paid		(43,408)	(21,502)
1.1.9 Other	VI-b	18,746	(1,483,560)
1.2 Change in Assets and Liabilities Subject to Banking Activities		3,881,285	1,266,618
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit/Loss		(456,111)	(53,924)
1.2.2 Net (Increase) Decrease in Due from Banks and Other Financial Institutions		(221,651)	(2,055,750)
1.2.3 Net (Increase) Decrease in Loans		(10,721,594)	(8,296,455)
1.2.4 Net (Increase) Decrease in Other Assets		(1,468,944)	(1,527,522)
1.2.5 Net Increase (Decrease) in Bank Deposits		(321,070)	360,807
1.2.6 Net Increase (Decrease) in Other Deposits		15,734,084	10,331,296
1.2.7 Net Increase (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		(311,356)	(31,673)
1.2.8 Net Increase (Decrease) in Funds Borrowed		(1,830,459)	1,618,213
1.2.9 Net Increase (Decrease) in Payables Due		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	VI-b	3,478,386	951,589
I. Net Cash Provided from Banking Operations		5,582,488	468,297
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Flow Provided from Investing Activities		(3,857,166)	(33,522)
2.1 Acquired Affiliates, Subsidiaries and Joint Ventures (Joint Partnerships)		-	-
2.2 Sold Affiliates, Subsidiaries and Joint Ventures (Joint Partnerships)		-	-
2.3 Purchased Securities and Real Estate		(105,899)	(44,281)
2.4 Sold Securities and Real Estates		684,650	338,293
2.5 Financial Assets at Fair Value Through Other Comprehensive Income		(2,080,323)	(747,308)
2.6 Financial Assets Disposed at Fair Value Through Other Comprehensive Income		1,316,055	483,179
2.7 Financial Assets Purchased at Amortized Cost		(3,975,531)	(228,699)
2.8 Financial Assets Sold Measured at Amortized Cost		303,882	165,294
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Generated from Financing Activities		726,176	325,037
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment Of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		765,500	355,000
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(39,324)	(29,963)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	VI-b	226,446	456,926
V. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)		2,677,944	1,216,738
VI. Cash and Cash Equivalents at Beginning of the Period	VI-a	3,093,705	1,876,967
VII. Cash and Cash Equivalents at End of the Period	VI-a	5,771,649	3,093,705

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.

UNCONSOLIDATED PROFIT DISTRIBUTION STATEMENT AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VII. STATEMENT OF PROFIT DISTRIBUTION	31/12/2022(*)	31/12/2021(**)
I. DISTRIBUTION OF PROFIT FOR THE PERIOD		
1.1. PROFIT FOR THE PERIOD	1,651,186	344,442
1.2. TAX AND LEGAL DUTIES PAYABLE (-)	449,462	39,627
1.2.1. Corporate Tax (Income Tax)	756,083	-
1.2.2. Income Withholding Tax	-	-
1.2.3. Other Tax and Legal Liabilities (***)	(306,621)	39,627
A. NET PROFIT FOR THE YEAR (1.1-1.2) (****)	1,201,724	304,815
1.3. PRIOR PERIODS' LOSS (-)	-	-
1.4. FIRST LEGAL RESERVES (-)	-	-
1.5. OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	304,815
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1. To Owners of Ordinary Shares	-	-
1.6.2. To Owners of Privileged Shares	-	-
1.6.3. To Preferred Shares	-	-
1.6.4. To Profit Sharing Bonds	-	-
1.6.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.7. DIVIDENDS TO PERSONNEL (-)	-	-
1.8. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1. To Owners of Ordinary Shares	-	-
1.9.2. To Owners of Privileged Shares	-	-
1.9.3. To Owners of Preferred Shares	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.10. SECOND LEGAL RESERVES (-)	-	-
1.11. STATUTORY RESERVES (-)	-	-
1.12. EXTRAORDINARY RESERVES	-	304,815
1.13. OTHER RESERVES	-	-
1.14. SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1. APPROPRIATED RESERVES	-	-
2.2. SECOND LEGAL RESERVES (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1. To Owners of Ordinary Shares	-	-
2.3.2. To Owners of Privileged Shares	-	-
2.3.3. To Owners of Preferred Shares	-	-
2.3.4. To Profit Sharing Bonds	-	-
2.3.5. To Holders of Profit and Loss Sharing Certificates	-	-
2.4. SHARE TO PERSONNEL (-)	-	-
2.5. SHARE TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1. TO OWNERS OF ORDINARY SHARES	-	-
3.2. TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3. TO OWNERS OF PRIVILEGED SHARES	-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1. TO OWNERS OF ORDINARY SHARES	-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3. TO OWNERS OF PRIVILEGED SHARES	-	-
4.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) As of the preparation date of the financial statements, the General Assembly meeting of the Bank has not been held yet.

(**) It contains the information on the "Dividend Distribution Statement" approved at the Bank's Ordinary General Assembly held on 25 March 2022.

(***) Since the income amounts related to deferred tax assets cannot be considered as cash or internal resources and therefore the part of the period profit arising from the mentioned assets is not subject to profit distribution and capital increase, The Company's deferred tax income, which will not be subject to distribution for the accounting period ending on 31 December 2022, is TL 306,621 (31 December 2021: Deferred Tax Expense 39,627).

(****) TL 314,504 of the net profit for the period consists of TAS 27 adjustments. (31 December 2021: TL 90,033)

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD

I. BASIS OF PRESENTATION:

- a. The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures numbered 5411 Regarding Banks' Accounting Application and Keeping Documents:**

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced unconsolidated financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué related to Publicly Announced Financial Statements of Banks and Explanations and Notes to related to these Financial Statements", published in the Official Gazette No. 28337, dated 28 June 2012, and changes and amendments to this Communiqué. The Bank maintains its accounting entries in Turkish Lira, in accordance with the Banking Law, Turkish Trade Law and the Turkish Tax Legislation.

The unconsolidated financial statements expressed in TL, were prepared with the cost-based method and were subject to inflation adjustments until 31 December 2004, except for financial assets, liabilities and buildings which were carried at fair value. The amounts in the unconsolidated financial statements and notes related to these financial statements have been expressed in thousands of Turkish Lira, unless otherwise stated. The preparation of unconsolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Accounting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") has not been applied.

POA made an announcement on 20 January 2022 regarding the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") for entities adopting Turkish Financial Reporting Standards ("TFRS") for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying unconsolidated financial statements as of 31 December 2022 in accordance with TAS 29..

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

I. BASIS OF PRESENTATION (Continued):

The tension between Russia and Ukraine since January 2022 turned into a crisis and a hot conflict. The Parent Bank does not carry out any activity in the two subject countries. Considering the geographies in which the Bank operates, the crisis is not expected to have a direct impact on the Bank's operations.

b. Information on accounting policies and changes in financial statements:

None.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS:

The overall strategy of the Bank of using financial instruments is to sustain an optimal balance between the yield of financial instruments and their risks. The most important funding source of the Bank is deposits. The Bank can also sustain a lengthened liability structure by using long-term borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Bank and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the Bank's foreign currency bid rates prevailing at the balance sheet date and related gains and losses arising from these translations are recognized in the income statement under the account of "Foreign exchange gains/losses".

As of 31 December 2022, the USD exchange rate used in the conversion of foreign currency transactions into Turkish currency and their reflection in the financial statements is TL 18,6983 and the Euro exchange rate is TL 19,9349.

III. EXPLANATIONS ON CONSOLIDATED SUBSIDIARIES:

Unconsolidated financial associates are recognized according to equity method in the framework of TAS 28 Communique on Investments in Subsidiaries and Associates with respect to TAS 27 Separate Financial Statements Communique in unconsolidated financial statements. Associates, which were recognized with cost value in the unconsolidated financial statement previously, are recognized according to equity method as of 31 December 2015 along with the year-end of 2015.

The Bank has no joint ventures as of 31 December 2022 and 31 December 2021.

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:

The major derivative instruments utilized by the Bank are currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

The Bank classifies its currency forwards, swaps, options and futures as transactions at “Fair Value Through Profit or Loss” in accordance with TFRS 9 principles. Derivative transactions are recorded in accordance with their fair value on the contract date. Also, liabilities and receivables arising from derivative instruments are followed in the off-balance sheet accounts from their contractual values.

Derivative instruments are measured at their fair values in the periods following their recording and are disclosed under assets or liabilities in the “Derivative Financial Assets at Fair Value Through Profit or Loss” section according to whether their fair value is positive or negative. Differences in the fair value of trading derivative instruments are reflected to the income statement. The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models.

As of 31 December 2022, the Bank applies cash flow hedge accounting through cross and interest currency swaps to protect against changes in interest rates of FC deposits which have average maturities of up to 3 months. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting, the effective parts are accounted as defined in TAS 39, on the financial statements under equity “Accumulated Other Comprehensive Income or Expense To Be Reclassified Through Profit or Loss”, whereas the amount concerning ineffective parts is associated with the income statement.

In cash flow hedge accounting, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked; the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized. The renewal of a financial hedging instrument or the transfer of a financial hedging instrument to another financial hedging instrument does not eliminate the hedging relationship, if the financial hedging instrument is part of the hedging strategy in accordance with TFRS 9.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES:

Interest income and expenses are recognized by using the effective interest method.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective interest (internal efficiency rate) method" according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection. The commissions and fees other than those whose amortised costs are integral part of their effective profit rate, are accounted over time in accordance with the TFRS 15 Revenue From Contracts With Customers Standard.

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Bank classifies and accounts its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets at Fair Value Through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 "Classification and Measurement of Financial Instruments" published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

The Bank recognizes a financial asset into the financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, the business model determined by the Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments are made to earnings, losses or interests that were previously recorded in the financial statements.

a. Financial assets at fair value through profit/loss:

Financial assets at fair value through profit or loss are financial assets other than the ones that are managed with business models that aim to hold contractual cash flows in order to collect them and the ones that are managed with business models that aim to collect both the contractual cash flows and cash flows arising from the sale of the assets; If the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at a certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at fair value through profit or loss are initially recognized at fair value and are remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the profit/loss accounts.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

b. Financial assets at fair value through other comprehensive income:

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial assets with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are re-measured at fair value. Interest income calculated with the effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. Unrealized gains and losses, arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated Other Comprehensive Income or Expense To Be Reclassified Through Profit or Loss" under shareholders' equity. When the mentioned marketable securities are collected or sold, the accumulated losses through fair value are reflected on the statement of profit or loss.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and/or whose fair values can be reliably measured are carried at their fair value. Equity securities that do not have a quoted market price in an active market and/or whose fair values cannot be reliably measured are carried at cost, less provision for impairment. In case of disposal of the equity investment, the accumulated total gain or loss is followed in the "Other Accumulated Comprehensive Income or Expense that cannot be reclassified to Profit or Loss".

During initial recognition, an entity can make an irrevocable decision, by choosing to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in other comprehensive income. If this choice is made, the dividends from the investment are taken into the financial statements as profit or loss.

c. Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at their acquisition cost including the transaction costs which reflect the fair value of those instruments and are subsequently recognized at "Amortized Cost" by using "Effective Interest (Internal efficiency rate)" method. Interest income obtained from financial assets measured at amortized cost are accounted in the income statement.

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

d. Loans:

Loans are financial assets that have fixed or determinable payment terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the “Effective Interest Rate (Internal Rate of Return)” method.

The Bank’s loans are recorded under the “Measured at Amortized Cost” account.

Write-down policy is explained in, section V, the explanations and notes related to assets.

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

The Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of 1 January 2018, in accordance with the Communiqué related to “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” published in the Official Gazette no. 29750 dated 22 June 2016, the Bank has started to allocate a loss allowance for expected credit losses on financial assets and loans measured at amortized cost in accordance with TFRS 9. In this context, as of 1 January 2018, the credit loss allowance method within the framework of the BRSA’s related legislation has been changed to the loss allowance for expected credit losses model with the implementation of TFRS 9. The predictions of expected credit loss forecasts include credible information which is objective, probability-weighted, supportable about past events, current conditions, and forecasts of future economic conditions.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):

The basic parameters used in the calculations of provision are described below:

Probability of Default (PD): PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, two different PDs are considered in calculations:

- **12-month PD:** The probability of default occurring within the next 12 months following the balance sheet date.
- **Lifetime PD:** The probability of default occurring over the remaining life of the loan.

The Bank generates ratings for the corporate and commercial customers via internal rating system and the 12-month or lifetime probability of defaults are estimated based on these ratings. Macroeconomic expectations are taken into account when carrying out these expectations and the weighted average of the probabilities of default calculated from three different scenarios are considered as the final probability of default.

For retail customers, the score point is generated via the internal scoring system and the 12-month or lifetime probabilities of default are estimated based on these score points by considering the above-mentioned macroeconomic factors.

For the receivables from customers such as sovereign and banks, provision is calculated by using the determined values in the corporate and commercial probability of default table and the loss given default rates.

Loss Given Default Rate: If a loan default occurs, it refers to the economic loss that might be encountered by taking into consideration the collection period and the time value of money. The Bank has determined the loss given default rates by considering the expert opinion based on the past historical data set.

Exposure at Default: For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans, it is the value calculated through using credit conversion factors.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

These are the financial assets at initial recognition or financial assets that do not have a significant increase in credit risk since their initial recognition. Impairment for credit risk for these assets is accounted in the amount of 12-month expected credit losses. Therefore, the expected probability of default of 12 months is calculated by considering the maturity of the loan. This value is obtained after weighting the three macro-economic scenarios and the provision is calculated using the loss given default and risk amounts calculated by taking into consideration the collateral composition of the loan.

Stage 2:

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is accounted on the basis of the financial asset's lifetime expected credit losses. The provision which will be allocated for the loan is calculated by considering the maturity and cash flow of the loan for three macroeconomic scenarios as stated above. For this purpose, the probability of default and the loss given default amounts are estimated not only for 12 months but also for the whole life of the loan and the loan provision is determined by using the present value set calculated over the cash flow.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized. The method is similar to the methodology applied for Stage 2 loans, but the probability of default is considered 100% in these calculations. In general the Bank follows the definition of default in the legislation (objective default definition, for example the criterion of the number of days past due). On the other hand, if it is decided that the debt will not be paid, the aforementioned receivable will be considered as Stage 3, even if the default has not occurred yet.

The Bank carries out its determination regarding the significant increase in credit risk by taking into consideration of the following criterias:

- Type of customer (calculations are made on separate models for corporate and commercial customers and retail customers).
- Internal rating scores (calculations are based on score points for retail customers and ratings for corporate and commercial customers).
- The deterioration observed in the internal rating score between the drawdown date and the reporting date.

In addition to the rules above, the Bank has also set aside additional provisions through individual assessment.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" and "Measured at amortized cost" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Funds Provided under Repurchase Agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

Funds given against securities purchased under agreements ("Reverse repo") to resell are accounted under "Receivables from Reverse Repurchase Agreements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the "Effective Interest Rate (Internal Efficiency) method". The Bank has no securities lending transactions.

XI. EXPLANATIONS ON TANGIBLE ASSETS HELD FOR RESALE, DISCONTINUED OPERATIONS AND LIABILITIES REGARDING THOSE ASSETS:

Assets held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell. Held for sale assets are not amortized and presented separately in the financial statements. In order to classify an asset as held for sale, only when the sale is highly probable, experienced quite often and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale. Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. Various circumstances and conditions could extend the completion period of the sale more than one year. If such delay arises from any events and conditions beyond the control of the entity and if there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale.

The Bank has no discontinued operations.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill:

As at 31 December 2022, the Bank has no goodwill (31 December 2021: None).

b. Other intangible assets

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for value decreases, if any.

Intangibles are amortized over their estimated useful lives using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilize the economic benefit of the asset and differs from 3 years to 15 years.

XIII. EXPLANATIONS ON TANGIBLE ASSETS:

Tangible assets is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, tangible assets are carried at cost less accumulated depreciation and provision for value decrease, if any.

The Bank has adopted the "revaluation method" in accordance with the "Communiqué Regarding the Principles and Procedures for the Tangible Assets (TAS 16)" for its buildings. Independent expert appraisal values are presented in the financial statements.

Depreciation is calculated over the cost of tangible assets using the straight-line method. The depreciation rates are stated below:

Buildings	2%
Movables, Movables Acquired by Financial Leasing	2-50%

The depreciation charge for items remaining in tangible assets for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in tangible assets.

When the carrying amount of an asset is greater than its estimated "Net realizable value", it is written down to its "Net realizable value" and the provision for the diminution in value is associated with expense accounts.

Gains and losses on the disposal of tangible assets are determined by deducting the net book value of the tangible assets from its sales revenue.

Expenditures for the repair and renewal of tangible assets are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

The Bank records its tangible assets obtained via leasing by taking into consideration the "lower of the fair value of the leased asset and the present value of the amount of cash consideration given for the leased asset".

Leased assets are included in the tangible assets and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a "Provision for impairment" is recognised. Liabilities arising from the leasing transactions are included in "Financial Lease Payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Group carries out financial leasing operations as a "Lessor" via Burgan Finansal Kiralama A.Ş. which is its subsidiary and included to consolidation.

With the "TFRS 16 Leases" standard, which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed, and lease transactions have started to be recognized under "Tangible Tangible assets" as an asset (right to use asset) and under "Lease Payables" as a liability.

The Bank has applied the changes in accounting policies due to the initial implementation of the "TFRS 16 Leases" standard, which is among the new standards, amendments and interpretations effective from 1 January 2019, in accordance with the transition obligations of the related standard.

TFRS 16 "Leases" Standard

The Bank – lessee:

At the beginning of a contract, the Bank assesses whether the contract has the quality of a lease or whether the contract includes a lease transaction. In circumstances when the contract transfers the right of controlling the asset for a certain time period for a certain price, this contract carries the quality of a lease or includes a leasing transaction. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued):

Existence of right-to-use:

The right to use asset is first recognized by the cost method and includes the following:

- a) The initial measurement amount of the lease obligation,
- b) The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) All initial direct costs incurred by the Bank.

When the Bank applies the cost method, the existence of the right to use:

- a) accumulated depreciation and accumulated impairment losses are deducted and
- b) measures the restatement of the lease obligation at the restated cost.

The Bank applies the depreciation statutes included in the TAS 16 Tangible Assets standard while depreciating the right to use an asset.

Lease obligation:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates in the case of this rate being easily determined. Otherwise, the Bank uses its alternative borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increases the book value to reflect the interest on the lease obligation,
- b) Reduces the book value to reflect the lease payments made and
- c) The book value is measured to reflect reassessments and restructuring, or to reflect fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

Allocated for loans and other receivables provisions other than expected loss provisions and contingent liabilities "Provisions, Contingent Liabilities and Related to Contingent Assets, Turkey Accounting Standard ("TAS 37") is recognized as appropriate.

Provisions are accounted when there is a legal or structural obligation existing as of the balance sheet date and arising from the past. It is probable that the resources that provide economic benefits to perform the obligation and a reliable estimate can be made about the amount of the liability. In accordance with the "Periodicity Principle", provision is made for liabilities that arise as a result of events in the previous periods in which these liabilities occurred. In cases where the amount not able be measured reliably enough and there is no possibility of outflow of resources from the Bank to fulfill the liability, the liability is considered "Contingent" and explained in the notes.

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements in which the change occurs.

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

The Bank accounts obligations related to employee termination and vacation rights in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and classifies these items under the "Reserve for Employee Rights" account in the balance sheet.

Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from this liability.

According to the TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority with the Communiqué published in Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Bank, the recognition option of the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations in the statement of profit or loss has been eliminated which is effective for annual periods beginning on or after 1 January 2013. The earlier application of the revision is permitted in the section of the transition and effective date of the standard and therefore the Bank has recognised the actuarial gains and losses that occur in related reporting periods in the "Statement of Profit or Loss and Other Comprehensive Income" and presented in "Other Reserves" item in the Shareholders Equity section.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XVIII. EXPLANATIONS ON TAXATION:

a. Current Tax:

Many clauses of Corporate Tax Law No.5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20%. The corporate tax rate is implemented on the total income of the Bank after adjusting for certain disallowable expenses (e.g. income from subsidiaries exception), exempt income and other allowances. No further tax is payable unless the profit is distributed.

Corporate tax applied at the rate of 20% for corporate earnings in Turkey, pursuant to the regulation introduced by the Law No. 7316 on the "Law on the Collection of Public Claims and Amendments to Certain Laws" is applied as 25% to be applied to corporate earnings for the 2021 taxation period and 23% to be applied to corporate earnings for the 2022 taxation period, pursuant to the regulation introduced by the Law No. 7394 on "The Law on the Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law and Amendments to Some Laws and Decrees" this rate has been determined as 25% to be applied to the corporate earnings of banks, companies under the Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies for the taxation period as of 2022.

However, with Article 25 of Law No. 7394, the corporate tax rate for banks, companies within the scope of the "Financial Leasing, Factoring, Financing and Savings Financing Companies Law" No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies increased to 25%. This provision entered into force on 15 April 2022 to be applied to corporate earnings for the 2022 taxation period. This amendment will be valid in the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of 1 July 2022. Since the tax rate change came into effect as of 15 April 2022, 25% was used as the tax rate in Corporate Tax calculations in the financial statements dated 31 December 2022.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporate tax quarterly on their corporate income with the current rate. Advance tax is paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

75% portion of the capital gains derived from the sale of equity investments and immovable properties before 5 December 2017, 50% portion of the capital gains derived from the sale of equity investments and immovable properties after 5 December 2017 are tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for 5 years. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XVIII. EXPLANATIONS ON TAXATION (Continued):

a. Current Tax (Continued):

With the Presidential Decision No. 4936 published in the Official Gazette dated 22 December 2021 and numbered 31697, Within the scope of Article 94 of the Income Tax Law and Articles 15 and 30 of the Corporate Tax Law, the rate of tax withholding in dividend distribution has been reduced from 15% to 10%.

According to the Law No. 7352 Amending the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the legal books based on the Tax Procedure Law was postponed to 31 December 2023.

With the Communiqué Amending the Tax Procedure Law General Communiqué (line no. 537) with line number 547 published in the Official Gazette dated 14 January 2023 and numbered 32073, the procedures and principles of the law articles that allow the revaluation of immovable and depreciable economic assets have been restated. Accordingly, the Bank will be able to revalue the immovables in its balance sheet and its depreciable economic assets, provided that the conditions in the Tax Procedure Law Provisional Article 32 and Reiterated Article 298/ç are met. Thus, corporate tax can be paid by calculating the values of real estate and depreciable economic assets after revaluation. Our bank will benefit from this revaluation implementation.

b. Deferred Tax:

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

Due to the fact that the change in the corporate tax rate that entered into force on 15 April 2022, will be taken into account in the taxation of corporate earnings for the periods valid from 1 January 2022, starting from 1 July 2022, under TAS 12, deferred tax assets or liabilities are calculated according to 25% tax rate as of the end of the reporting period (balance sheet date).

XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS:

The Bank fund resources in essence consist of borrowing from foreign financial institutions, issued securities and money market debt.

Financial liabilities and derivative transactions are valued with their fair values and other financial liabilities are carried at "amortized cost" using the effective interest method in the following periods.

The Bank utilizes various hedging techniques to minimize the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued by the Bank.

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

Transaction costs regarding the issuance of share certificates are accounted under shareholders' equity after eliminating the tax effects.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

Avalized drafts and acceptances shown as liabilities against assets are included in the "Off-balance sheet commitments".

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2022, the Bank does not have any government grants or aids (31 December 2021: The amount of grant the Bank has received from TÜBİTAK until the balance sheet date is TL 6,500, pursuant to the Law No. 5746 on Supporting Research and Development Activities).

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code ("TCC") the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

Earnings per share disclosed in the income statement are calculated by dividing net profit/(loss) for the year to the weighted average number of shares outstanding during the period concerned.

	31 December 2022	31 December 2021
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	1,201,724	304,815
Weighted Average Number of Issued Ordinary Shares (Thousand)	234,046,293	180,343,836
Earnings/(Losses) Per Ordinary Shares (Disclosed as 1,000 nominal in full TL)	5.135	1.690

Based on the Principal Agreement, the Bank has 1,000,000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

In Turkey, companies can increase their share capital by making a pro-rata distribution of "Bonus shares" to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of "Bonus shares" issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

XXV. EXPLANATIONS ON RELATED PARTIES:

Parties defined in Article 49 of the Banking Law No.5411, Bank's senior management and Board Members are deemed as related parties. Transactions regarding related parties are presented in Note V. of Section Five.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XXVI. EXPLNATIONS ON CASH AND CASH EQUIVALENTS:

For the purposes of the cash flow statement, "Cash" includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash Equivalents" include interbank money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

Operational field is distinguishable section of the Bank that has different characteristics from other operational fields per earning and conducts the presentation of service group, associated bank products or a unique product. Operating segments are disclosed in Note X. in Section Four.

XXVIII. CLASSIFICATIONS:

In order to provide comparative information, classification processes have been made in the income statement, cash flow statement and various notes.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION FOUR

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK

I. EXPLANATIONS ON EQUITY:

Total capital and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of 31 December 2022, the Bank's total capital has been calculated as TL 8,490,494 (31 December 2021: TL 5,940,563) and the capital adequacy ratio is 21.00% (31 December 2021: 23.16%).

As of 31 December 2022, within the scope of BRSA's instructions dated 21 December 2021 and 28 April 2022; in the calculation of the amount subject to credit risk, in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (Capital Adequacy Regulation) published in the Official Gazette dated 23 October 2015 and numbered 29511; when calculating the amounts of monetary assets and non-monetary assets other than items in foreign currency measured at historical cost, valued in accordance with Accounting Standards and related special provisions, the simple arithmetic average of the Central Bank's foreign exchange buying rates as of 31 December 2021 was used and in case the net valuation differences of the securities held by the Bank in the portfolio of "Securities at Fair Value Reflected in Other Comprehensive Income" as of 21 December 2021, decision date are negative, it is possible to ignore these differences in the amount of equity to be calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013 and numbered 28756 and to be used for the capital adequacy ratio.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

I. EXPLANATIONS ON EQUITY (Continued):

a. Information about equity items:

	Current Period 31 December 2022	1/1/2014 Amounts Related to Treatment Before (*)	Prior Period 31 December 2021	1/1/2014 Amounts Related to Treatment Before (*)
COMMON EQUITY TIER 1 CAPITAL				
Paid-in capital following all debts in terms of claim in liquidation of the Bank	2,655,500		1,890,000	
Share issue premiums	-		-	
Legal reserves	423,081		122,055	
Gains recognized in equity as per Turkish Accounting Standards (TAS)	851,551		252,753	
Profit	1,217,432		304,815	
Current Period Profit	1,201,724		304,815	
Prior Period Profit	15,708		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-		-	
Common Equity Tier 1 Capital Before Deductions	5,147,564		2,569,623	
Deductions from Common Equity Tier 1 Capital	-		-	
Common Equity as per the (i) clause of Provisional Article 9 of the Regulation on the Equity of Banks	-		-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	44,941		9,954	
Improvement costs for operating leasing	10,806		12,059	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	80,568	54,578	51,382	51,382
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-		-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	720,650		185,523	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-		-	
Gains arising from securitization transactions	-		-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-		-	
Defined-benefit pension fund net assets	-		-	
Direct and indirect investments of the Bank in its own Common Equity	-		-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-		-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-		-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-		-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-		-	
Excess amount arising from mortgage servicing rights	-		-	
Excess amount arising from deferred tax assets based on temporary differences	-		-	
Other items to be defined by the BRSA	-		-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-		-	
Total Deductions From Common Equity Tier 1 Capital	856,965		258,918	
Total Common Equity Tier 1 Capital	4,290,599		2,310,705	

(*) In this section, the accounts that are liable to the temporary articles of "Regulation on Equities of Banks" which will be considered at the end of the transition period are shown.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

I. EXPLANATIONS ON EQUITY (Continued):

a. Information about equity items: (Continued):

	Current Period 31 December 2022	1/1/2014 Amounts Related to Treatment Before (*)	Prior Period 31 December 2021	1/1/2014 Amounts Related to Treatment Before (*)
ADDITIONAL TIER I CAPITAL				
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-	-	-
Debt instruments and premiums approved by BRSA	934,915	-	666,450	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-	-	-
Additional Tier I Capital before Deductions	934,915	-	666,450	-
Deductions from Additional Tier I Capital	-	-	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
Transition from the Core Capital to Continue to deduce Components	-	-	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-	-	-
Total Deductions From Additional Tier I Capital	-	-	-	-
Total Additional Tier I Capital	934,915	-	666,450	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	5,225,514	-	2,977,155	-
TIER II CAPITAL				
Debt instruments and share issue premiums deemed suitable by the BRSA	2,804,745	-	2,665,800	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	460,253	-	299,234	-
Tier II Capital Before Deductions	3,264,998	-	2,965,034	-
Deductions From Tier II Capital	-	-	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	18	-	1,626	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
Total Deductions from Tier II Capital	18	-	1,626	-
Total Tier II Capital	3,264,980	-	2,963,408	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	8,490,494	-	5,940,563	-
Deductions from Total Capital	-	-	-	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own 10% or less of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-	-	-

(*) In this section, the accounts that are liable to the temporary articles of "Regulation on Equities of Banks" which will be considered at the end of the transition period are shown.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

I. EXPLANATIONS ON EQUITY (Continued):

a. Information about equity items: (Continued):

	Current Period 31 December 2022	1/1/2014 Amounts Related to Treatment Before (*)	Prior Period 31 December 2021	1/1/2014 Amounts Related to Treatment Before (*)
EQUITY				
Total EQUITY (Sum of Tier I and Tier II capital)	8,490,494		5,940,563	
Total Risk Weighted Amounts	40,423,060		25,655,272	
CAPITAL ADEQUACY RATIOS				
Core Capital Adequacy Ratio (%)	10.61		9.01	
Tier I Capital Adequacy Ratio (%)	12.93		11.60	
Capital Adequacy Ratio (%)	21.00		23.16	
BUFFERS				
Total additional core capital requirement ratio (a+b+c)	2.525		2.513	
a. Capital conservation buffer requirement (%)	2.500		2.500	
b. Bank specific counter-cyclical capital buffer ratio (%)	0.025		0.013	
c. Systematic significant bank buffer ratio (%)	-		-	
The ratio of the Additional Common Equity Tier I to be calculated in accordance with the first paragraph of Article 4 of the Regulation on Capital Conservation and Countercyclical Capital Buffers to the amount of risk-weighted assets	6.11		4.51	
Amounts below the Excess Limits as per the Deduction Principles				
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Amount arising from the rights to provide mortgage services	-		-	
Amount arising from deferred tax assets based on temporary differences	444,045		460,783	
Limits Related to Provisions Considered in Tier II Calculation				
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,543,820		1,364,423	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	460,253		299,234	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to %0.6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)				
Upper limit for additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

(*) In this column, the amounts to be taken into account at the end of the transition period are shown for the items that are subject to the transitional provisions within the scope of the Transitional Articles of the "Regulation on the Equity of Banks".

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

I. EXPLANATIONS ON EQUITY (Continued):

b. Information on instruments related to equity estimation:

Information on instruments related to equity calculation:		
Issuer – Loan grantor	Burgan Bank K.P.S.C.	Burgan Bank K.P.S.C.
Unique Identifier of the Debt Instrument	-	-
Governing Legislation of the Debt Instrument	BRSA	BRSA
Regulatory Treatment in Equity Calculation	Tier II Capital	Tier I Capital
Assessment whether it is subject to being taken into consideration as 10% decreased as of 1/1/2015	No	No
Validity status in a consolidated or unconsolidated basis or in a consolidated and unconsolidated basis	Unconsolidated – Consolidated	Unconsolidated - Consolidated
Debt instrument type	Subordinated loan	Subordinated loan
Amount recognized in equity calculation (As of most recent reporting date – Thousands TL)	2,804,745	934,915
Nominal value of debt instrument (Thousands USD)	150,000	50,000
The account number that the debt instrument is followed	Liability-Subordinated Loans-amortized cost	Liability-Subordinated Loans-amortized cost
Original date of issuance of the debt instrument	16.05.2022	22.02.2021
Maturity structure of the debt instrument (Perpetual/Dated)	Dated	Perpetual
Original maturity date of the debt instrument	10 Years	-
Whether the issuer has a right to call subject to BRSA approval	Yes	Yes
Optional call date, contingent call options and redemption amount	After 5th year	After 5th year
Subsequent call dates of call options	After 5th year	After 5th year
Coupon/dividend payments	3 Months	-
Fixed or floating interest/dividend payments	Floating dividend	-
Interest rate and any related index value	LIBOR+4.25	-
Existence of a restriction which can stop dividend payments	-	-
Being fully discretionary, partially discretionary or mandatory	-	-
Existence of an interest rate increase or other incentive to call	-	-
Being noncumulative or cumulative	Noncumulative	Noncumulative
Being convertible or non-convertible to stock	None	None
If convertible to a stock, conversion trigger(s)	-	-
If convertible to a stock, fully or partially	-	-
If convertible to a stock, conversion rate	-	-
If convertible to a stock, mandatory or optional conversion	-	-
If convertible to a stock, specify instrument type convertible into	-	-
If convertible to a stock, issuer of debt instrument it converts into	-	-
Value reduction feature	None	-
If it has a value reduction feature, write-down trigger(s)	-	If unsustainability occurs, a decrease in value can be realized.
If it has a value reduction feature, fully or partially	-	Depreciation can be partially or completely realized.
If it has a value reduction feature, permanent or temporary	-	Constant
If temporary value reduction exists, description of value increase mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to this instrument)	Before debt instruments to be included in Additional Tier I capital calculation but after the deposit holders and all other creditors of the Debtor.	After the right to claim of the holder, the deposit holders, other creditors and contribution capital calculation included borrowings of the Debtor.
Whether it is in compliance with the terms in articles 7 and 8 of the Communiqué on Bank's Equities	None.	None.
The terms it is not in compliance within articles 7 and 8 of the Communiqué on Bank's Equities	None.	None.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK:

II. EXPLANATIONS ON CREDIT RISK

Credit risk represents the potential financial loss that the Bank may incur as a result of defaults or non-fulfillment of the loan agreements obligations of counterparties.

In order to control and mitigate credit risk, the Parent Bank takes into consideration the payment capacity of the debtors, the confirmation of the fact that primary and secondary payment sources exist, the fact that provisions allocated for loans can cover expected credit losses, the fact that firms responsible for the valuation of collaterals are operating in accordance with competition rules, the fact that sectoral, geographical and regional concentration is avoided, the fact that the customer portfolio and loans provided are not diversified and credit risk is not common, the fact that information from all sources possible to evaluate or quantify the risks taken on a transaction or customer basis are collected the fact that the payment capacity of loans are monitored.

Credit rankings of borrowers that are present at loans and other accounts receivable accounts are monitored in accordance with the relevant legislation at regular intervals. Account status documents obtained for the issued credits are audited to make sure that the documents are meeting the requirements of the relevant legislation given that the cash transactions are exempted from this rule. As a result of regular monitoring of credit worthiness, credit limits have been changed when necessary. Loans and other receivables are collateralized considering the credit worthiness.

With respect to credit risk, debtor and debtor groups are subject to risk limitations envisaged in the Banking Law. There is no risk limitation in terms of geographical region while the sectoral concentration has been limited. Credit limits allocated are subject to revision at least once a year. The credit worthiness of the borrowers classified as "loans and other receivables under close monitoring" are revised at least twice a year due to Procedures and Principles regarding the regulation on determination of loans and other receivables. The loan limit is controlled by the main banking system and exceeding the specified limits is prohibited. When a revision becomes due, limits for which the loan worthiness has not been reviewed are suspended.

The Bank's loan policy approved by the Board of Directors is reviewed a regular basis. In order to maintain the credit risk under control, there are additional limitations in the scope of Bank credit policies apart from the Banking Law limitations. As defined in the document of credit policy, authorization of credit extension has been delegated to Branches, the Headquarters and the Credit Committee. Constraints on the use of these delegations;

- Collaterals, accepted as guarantees of loans issued, are clearly stated at credit policy.
- The Bank does not provide loans for arms manufacturers and traders, religious organizations, gambling companies, media companies, political organizations, sport clubs and companies operating in nuclear industry. Exceptions could be evaluated by the Head Office.
- Loans issued to the companies founded within last two years, real estate development companies and financial institutions as well as the investment projects , cash loan guarantees or refinancing loans are evaluated by headquarters and authorized upper management.
- Derivative products' limits cannot be allocated in Branch authorization. Foreign currency loans and counter party / external guarantees cannot be issued by branches.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

II. EXPLANATIONS ON CREDIT RISK (Continued):

The loans that are overdue more than 90 days as of the end of the reporting date or the loans in which the Bank has decided that the debtor has lost its credibility are classified as impaired receivables and specific provision is allocated for these loans within TFRS 9. According to the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves," stage II loans and 90 day-delayed loans are considered as non-performing loan and general provision is allocated within TFRS 9.

Total amount of exposures after offsetting transactions before applying credit risk mitigations and the average exposure amounts that are classified under different risk groups and types for the relevant period:

31 December 2022 Risk Group	Amount	Average
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	12,776,405	10,434,027
Contingent and Non-Contingent Receivables from Regional or Local Governments	168,758	184,745
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	61,755	70,857
Contingent and Non-Contingent Receivables from International Organizations	-	-
Contingent and Unconditional Receivables from Banks and Intermediary Institutions	6,260,881	4,669,129
Contingent and Non-Contingent Corporate Receivables	30,976,349	26,208,898
Contingent and Non-Contingent Retail Receivables	2,176,604	829,372
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	5,509,154	5,500,932
Past Due Loans	1,173,081	1,148,159
Higher Risk Categories Decided by the Board	-	-
Secured by Mortgages	-	-
Securitization Positions	-	-
Short-Term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-
Undertakings for Collective Investments in Mutual Funds	-	-
Other Receivables	2,900,247	2,706,986
Total	62,003,234	51,753,105

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

II. EXPLANATIONS ON CREDIT RISK (Continued):

31 December 2021 Risk Group	Amount	Average
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	6,543,531	4,462,737
Contingent and Non-Contingent Receivables from Regional or Local Governments	191,272	296,139
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	-	76
Contingent and Non-Contingent Receivables from Multilateral Development Banks	31,428	37,623
Contingent and Non-Contingent Receivables from International Organizations	-	-
Contingent and Unconditional Receivables from Banks and Intermediary Institutions	2,645,162	2,718,309
Contingent and Non-Contingent Corporate Receivables	20,632,515	16,102,089
Contingent and Non-Contingent Retail Receivables	255,150	214,949
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	4,167,921	4,139,570
Past Due Loans	1,192,329	1,176,538
Higher Risk Categories Decided by the Board	-	-
Secured by Mortgages	-	-
Securitization Positions	-	-
Short-Term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-
Undertakings for Collective Investments in Mutual Funds	-	-
Other Receivables	2,344,579	2,002,840
Total	38,003,887	31,150,870

The Bank's derivative transactions are mainly composed of foreign exchange and interest rate swaps money and foreign exchange options and forward transactions. The credit risks of these products are managed by deducting them from the company's credit limit, which is specified only for these types of transactions, in proportion to the term of the transaction. Market risk is managed by the Treasury, Capital market and Financial Institutions Group.

Indemnified non-cash credits are subjected to the same risk weight as the credits which are past due date.

The Bank does not perform any kind of banking activity abroad.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

II. EXPLANATIONS ON CREDIT RISK (Continued):

In the current period, the share of the Bank's receivables due to cash loans extended to its top 100 and top 200 customers are 80%, 87% (31 December 2021: 81%, 89%) within the total cash loan portfolio.

In the current period, the share of the Bank's receivables due to non-cash loans extended to its top 100 and top 200 customers are 39%, 65% (31 December 2021: 52% and 71%) within the total non-cash loans portfolio.

In the current period, the share of the Bank's receivables due to the total of cash and non cash loans extended to its top 100 and top 200 customers are 71%, 82% (31 December 2021: 75%, 85%) within cash loans in balance sheet and non-cash loans in off-balance sheet.

The Bank's allocated expected credit losses for loans amounts to TL 1,543,819 (31 December 2021: TL 1,364,423).

a. Information on types of loans and specific provisions:

31 December 2022	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Standard Loans	26,964,905	1,821,170	-	-	28,786,075
Loans Under Close Monitoring	6,290,796	10,283	-	-	6,301,079
Non-Performing Loans	1,679,221	15,522	11	-	1,694,754
Specific Provision (-)	515,576	6,086	8	-	521,670
Total	34,419,346	1,840,889	3	-	36,260,238

31 December 2021	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Standard Loans	18,493,636	223,697	-	-	18,717,333
Loans Under Close Monitoring	5,336,431	14,326	-	-	5,350,757
Non-Performing Loans	1,902,598	17,268	87	-	1,919,953
Specific Provision (-)	721,358	6,181	82	-	727,621
Total	25,011,307	249,110	5	-	25,260,422

b. Information on overdue loans and other receivables:

31 December 2022	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Past due 0-30 days	6,254,151	59,306	-	-	6,313,457
Past due 30-60 days	2,373	7,986	-	-	10,359
Past due 60-90 days	34,272	1,864	-	-	36,136
Total	6,290,796	69,156	-	-	6,359,952

31 December 2021	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Past due 0-30 days	5,250,692	17,429	-	-	5,268,121
Past due 30-60 days	80,324	7,493	-	-	87,817
Past due 60-90 days	5,909	3,994	-	-	9,903
Total	5,336,925	28,916	-	-	5,365,841

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):

II. EXPLANATIONS ON CREDIT RISK (Continued):

c. Information on debt securities, treasury bills and other bills:

31 December 2022	Financial Assets at Fair Value through P/L (Net)	Financial Assets at Fair Value through Other Comprehensive Income (Net)	Other Financial Assets Measured at Amortized Cost (Net)	Total
Moody's Rating				
B3(*)	400,919	1,596,229	5,380,663	7,377,811
Total	400,919	1,596,229	5,380,663	7,377,811

(*) This table contains only Turkish Republic government bank bonds, bank bonds and treasury bills which are rated by Moody's.

31 December 2021	Financial Assets at Fair Value through P/L (Net)	Financial Assets at Fair Value through Other Comprehensive Income (Net)	Other Financial Assets Measured at Amortized Cost (Net)	Total
Moody's Rating				
B2(*)	2,318	659,505	1,023,455	1,685,278
Total	2,318	659,505	1,023,455	1,685,278

(*) This table contains only Turkish Republic government bank bonds, bank bonds and treasury bills which are rated by Moody's.

d. Information on rating concentration:

The Bank evaluates its credit risk based on an internal rating system and the portfolio is classified from least probability of default to highest. The information about the concentration of cash and non cash loans which are classified with the rating system is presented below.

	31 December 2022	31 December 2021
Above average (%)	37.93	25.91
Average (%)	50.78	59.43
Below average (%)	11.29	13.83
Not rated (%)	0.00	0.83

e. Fair value of collaterals (loans and advances to customers):

31 December 2022	Corporate Loans	Consumer Loans	Credit Cards	Factoring Receivables	Total
Loans Under Close Monitoring	1,810,875	6,106	-	-	1,816,981
Non-Performing Loans	41,978	1,024	-	-	43,002
Total	1,852,853	7,130	-	-	1,859,983

31 December 2021	Corporate Loans	Consumer Loans	Credit Cards	Factoring Receivables	Total
Loans Under Close Monitoring	968,933	15,964	-	-	984,897
Non-Performing Loans	964,383	6,043	-	-	970,426
Total	1,933,316	22,007	-	-	1,955,323

Type of collaterals	31 December 2022	31 December 2021
Real-estate mortgage	1,465,038	1,713,829
Pledge	146,771	5,698
Cash and cash equivalents	248,174	235,796
Total	1,859,983	1,955,323

BURGAN BANK A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):**II. EXPLANATIONS ON CREDIT RISK (Continued):****f. Profil of Significant Risks in Key Regions:**

	Risk Categories (*)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
31 December 2022																		
Domestic	13,488,208	89,252	-	-	-	3,853,539	27,726,786	2,015,205	5,454,565	1,140,145	-	-	-	-	-	-	2,900,247	56,667,947
EU Countries	-	-	-	-	-	252,677	36,397	3	-	11	-	-	-	-	-	-	-	289,088
OECD Countries (**)	-	-	-	61,755	-	1,735,112	340	2	-	-	-	-	-	-	-	-	-	1,797,209
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	51,283	-	-	-	-	-	-	-	-	-	-	-	51,283
Other Countries	-	-	-	-	-	64,818	9,182	2	582	-	-	-	-	-	-	-	-	74,584
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	13,488,208	89,252	-	61,755	-	5,957,429	27,772,705	2,015,212	5,455,147	1,140,156	-	-	-	-	-	-	2,900,247	58,880,111

1. Contingent and non-contingent exposures to central governments or central banks
2. Contingent and non-contingent exposures to regional governments or local authorities
3. Contingent and non-contingent receivables from administrative units and non-commercial enterprises
4. Contingent and non-contingent exposures to multilateral development banks
5. Contingent and non-contingent exposures to international organisations
6. Contingent and non-contingent exposures to banks and brokerage houses
7. Contingent and non-contingent exposures to corporates
8. Contingent and non-contingent retail exposures
9. Contingent and non-contingent exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Stock exchange
17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Assets and liabilities that cannot be segmented on a consistent basis.

BURGAN BANK A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):**II. EXPLANATIONS ON CREDIT RISK (Continued):****f. Profile of Significant Risks in Key Regions (Continued):**

	Risk Categories (*)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
31 December 2021																		
Domestic	6,953,213	77,816	-	-	-	681,453	18,110,435	210,147	4,091,597	1,114,971	-	-	-	-	-	-	2,344,578	33,584,210
EU Countries	-	-	-	-	-	389,981	40,034	4	7,621	467	-	-	-	-	-	-	-	438,107
OECD Countries (**)	-	-	-	31,428	-	1,472,629	-	2	-	-	-	-	-	-	-	-	-	1,504,059
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	122,461	-	-	-	-	-	-	-	-	-	-	-	122,461
Other Countries	-	-	-	-	-	32,666	2,359	11	719	-	-	-	-	-	-	-	-	35,755
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	6,953,213	77,816	-	31,428	-	2,699,190	18,152,828	210,164	4,099,937	1,115,438	-	-	-	-	-	-	2,344,578	35,684,592

1. Contingent and non-contingent exposures to central governments or central banks
2. Contingent and non-contingent exposures to regional governments or local authorities
3. Contingent and non-contingent receivables from administrative units and non-commercial enterprises
4. Contingent and non-contingent exposures to multilateral development banks
5. Contingent and non-contingent exposures to international organisations
6. Contingent and non-contingent exposures to banks and brokerage houses
7. Contingent and non-contingent exposures to corporates
8. Contingent and non-contingent retail exposures
9. Contingent and non-contingent exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Stock exchange
17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Assets and liabilities that cannot be segmented on a consistent basis.

BURGAN BANK A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):**II. EXPLANATIONS ON CREDIT RISK (Continued):****g. Miscellaneous Information by Major Sectors and Counterparty Type:**

31 December 2022	Risk Categories (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agriculture	-	-	-	-	-	-	898,843	7,095	902	391	-	-	-	-	-	-	-	797,035	110,196	907,231
Farming and Stockbreeding	-	-	-	-	-	-	744,129	7,095	-	391	-	-	-	-	-	-	-	664,203	87,412	751,615
Forestry	-	-	-	-	-	-	154,686	-	-	-	-	-	-	-	-	-	-	131,902	22,784	154,686
Fishery	-	-	-	-	-	-	28	-	902	-	-	-	-	-	-	-	-	930	-	930
Manufacturing	-	-	-	-	-	-	10,674,782	72,270	456,208	213,064	-	-	-	-	-	-	-	5,999,203	5,417,121	11,416,324
Mining and Quarrying	-	-	-	-	-	-	52,788	4,210	10,252	54	-	-	-	-	-	-	-	62,645	4,659	67,304
Production	-	-	-	-	-	-	8,033,703	68,041	263,761	210,838	-	-	-	-	-	-	-	5,189,265	3,387,078	8,576,343
Electricity, Gas, Water	-	-	-	-	-	-	2,588,291	19	182,195	2,172	-	-	-	-	-	-	-	747,293	2,025,384	2,772,677
Construction	-	-	-	-	-	-	1,581,389	32,385	113,902	579,759	-	-	-	-	-	-	-	2,129,679	177,756	2,307,435
Wholesale and Retail Trade	-	-	-	61,755	-	5,957,429	14,350,484	102,038	4,853,309	314,799	-	-	-	-	-	-	-	14,919,466	10,720,348	25,639,814
Hotel, Food and Beverage services	-	-	-	61,755	-	-	4,455,798	83,160	2,728,341	190,297	-	-	-	-	-	-	-	4,120,890	3,336,706	7,457,596
Transportation and Telecom	-	-	-	-	-	-	1,190,959	20	1,983,279	108,018	-	-	-	-	-	-	-	285,044	2,997,232	3,282,276
Financial Institutions	-	-	-	-	-	-	562,679	6,044	73,082	2,125	-	-	-	-	-	-	-	316,947	326,983	643,930
Real Estate and Rental Services	-	-	-	-	-	5,957,429	6,929,958	6,890	67,918	-	-	-	-	-	-	-	-	9,283,771	3,740,179	13,023,950
Self-employment Services	-	-	-	-	-	-	956,175	5,868	82	12,330	-	-	-	-	-	-	-	655,208	319,247	974,455
Educational Services	-	-	-	-	-	-	10,148	12	559	1	-	-	-	-	-	-	-	10,720	-	10,720
Health and Social Services	-	-	-	-	-	-	95	-	-	1,963	-	-	-	-	-	-	-	2,058	-	2,058
Wholesale and Retail Trade	-	-	-	-	-	-	244,672	44	48	65	-	-	-	-	-	-	-	244,828	1	244,829
Other	13,488,208	89,252	-	-	-	-	267,207	1,801,424	30,826	32,143	-	-	-	-	-	-	2,900,247	12,737,792	5,871,515	18,609,307
Total	13,488,208	89,252	-	61,755	-	5,957,429	27,772,705	2,015,212	5,455,147	1,140,156	-	-	-	-	-	-	2,900,247	36,583,175	22,296,936	58,880,111

1. Contingent and non-contingent exposures to central governments or central banks
2. Contingent and non-contingent exposures to regional governments or local authorities
3. Contingent and non-contingent receivables from administrative units and non-commercial enterprises
4. Contingent and non-contingent exposures to multilateral development banks
5. Contingent and non-contingent exposures to international organisations
6. Contingent and non-contingent exposures to banks and brokerage houses
7. Contingent and non-contingent exposures to corporates
8. Contingent and non-contingent retail exposures
9. Contingent and non-contingent exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Stock exchange
17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank.

BURGAN BANK A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):**II. EXPLANATIONS ON CREDIT RISK (Continued):****g. Miscellaneous Information by Major Sectors and Counterparty Type (Continued):**

31 December 2021	Risk Categories (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agriculture	-	-	-	-	-	-	314,092	93	2,570	772	-	-	-	-	-	-	-	178,504	139,023	317,527
Farming and Stockbreeding	-	-	-	-	-	-	297,049	85	-	770	-	-	-	-	-	-	-	159,516	138,388	297,904
Forestry	-	-	-	-	-	-	14,027	8	-	1	-	-	-	-	-	-	-	13,401	635	14,036
Fishery	-	-	-	-	-	-	3,016	-	2,570	1	-	-	-	-	-	-	-	5,587	-	5,587
Manufacturing	-	-	-	-	-	-	7,438,527	5,247	262,054	258,422	-	-	-	-	-	-	-	4,184,226	3,780,024	7,964,250
Mining and Quarrying	-	-	-	-	-	-	34,915	203	7,425	26,943	-	-	-	-	-	-	-	66,744	2,742	69,486
Production	-	-	-	-	-	-	5,623,849	4,958	139,666	230,988	-	-	-	-	-	-	-	3,413,604	2,585,857	5,999,461
Electricity, Gas, Water	-	-	-	-	-	-	1,779,763	86	114,963	491	-	-	-	-	-	-	-	703,878	1,191,425	1,895,303
Construction	-	-	-	-	-	-	2,039,207	1,751	709,587	529,484	-	-	-	-	-	-	-	2,536,377	743,652	3,280,029
Services	-	-	-	31,428	-	2,699,190	8,250,289	7,917	3,086,971	292,596	-	-	-	-	-	-	-	5,851,498	8,516,893	14,368,391
Wholesale and Retail Trade	-	-	-	31,428	-	-	2,612,583	6,521	1,615,835	155,586	-	-	-	-	-	-	-	1,502,157	2,919,796	4,421,953
Hotel, Food and Beverage services	-	-	-	-	-	-	1,304,972	4	1,238,372	2,690	-	-	-	-	-	-	-	67,578	2,478,460	2,546,038
Transportation and Telecom	-	-	-	-	-	-	515,420	360	78,060	47,846	-	-	-	-	-	-	-	278,455	363,231	641,686
Financial Institutions	-	-	-	-	-	2,699,190	2,896,055	1	154,607	27	-	-	-	-	-	-	-	3,547,143	2,202,737	5,749,880
Real Estate and Rental Services	-	-	-	-	-	-	884,059	795	12	82,162	-	-	-	-	-	-	-	419,314	547,714	967,028
Self-employment Services	-	-	-	-	-	-	6,105	153	12	151	-	-	-	-	-	-	-	4,744	1,677	6,421
Educational Services	-	-	-	-	-	-	236	-	-	1,961	-	-	-	-	-	-	-	2,197	-	2,197
Health and Social Services	-	-	-	-	-	-	30,859	83	73	2,173	-	-	-	-	-	-	-	29,910	3,278	33,188
Other	6,953,213	77,816	-	-	-	-	110,713	195,156	38,755	34,164	-	-	-	-	-	-	-	2,344,578	4,006,047	5,748,348
Total	6,953,213	77,816	-	31,428	-	2,699,190	18,152,828	210,164	4,099,937	1,115,438	-	-	-	-	-	-	-	2,344,578	16,756,652	18,927,940
																				35,684,592

1. Contingent and non-contingent exposures to central governments or central banks
2. Contingent and non-contingent exposures to regional governments or local authorities
3. Contingent and non-contingent receivables from administrative units and non-commercial enterprises
4. Contingent and non-contingent exposures to multilateral development banks
5. Contingent and non-contingent exposures to international organisations
6. Contingent and non-contingent exposures to banks and brokerage houses
7. Contingent and non-contingent exposures to corporates
8. Contingent and non-contingent retail exposures
9. Contingent and non-contingent exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Stock exchange
17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):

II. EXPLANATIONS ON CREDIT RISK (Continued):

h. Analysis of Maturity-Bearing Exposures According to Remaining Maturities:

31 December 2022	Term To Maturity				
Risk Classifications	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	604,935	50,356	253,696	329,104	6,763,667
Contingent and Non-Contingent Receivables from Regional or Local Governments	-	-	-	-	89,252
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	61,755
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-
Contingent and Unconditional Receivables from Banks and Intermediary Institutions	1,946,195	1,001,303	384,325	356,865	1,915,781
Contingent and Non-Contingent Corporate Receivables	8,643,288	6,583,568	3,552,791	2,724,272	6,147,964
Contingent and Non-Contingent Retail Receivables	34,854	84,836	134,773	597,000	1,163,750
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	154,367	259,886	88,766	183,097	4,769,032
Past Due Loans	-	-	-	-	-
Higher Risk Categories Decided by the Board	-	-	-	-	-
Secured by Mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short-Term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-	-	-	-
Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
Total	11,383,639	7,979,949	4,414,351	4,190,338	20,911,201

31 December 2021	Term To Maturity				
Risk Classifications	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	396,517	341,443	37,909	254,927	1,367,079
Contingent and Non-Contingent Receivables from Regional or Local Governments	-	-	-	7,563	70,252
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	31,428	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-
Contingent and Unconditional Receivables from Banks and Intermediary Institutions	1,122,142	356,612	333,802	38,706	634,968
Contingent and Non-Contingent Corporate Receivables	6,700,937	907,729	1,402,371	4,389,981	4,751,810
Contingent and Non-Contingent Retail Receivables	16,819	6,300	14,999	61,635	110,411
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	146,857	102,214	160,978	121,784	3,568,103
Past Due Loans	-	-	-	-	-
Higher Risk Categories Decided by the Board	-	-	-	-	-
Secured by Mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short-Term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-	-	-	-
Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
Total	8,414,700	1,714,298	1,950,059	4,874,596	10,502,623

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

II. EXPLANATIONS ON CREDIT RISK (Continued):

i. Information about the Risk Exposure Categories

In the standard approach calculations, the Bank uses Fitch Credit Rating Institution ratings when determining the risk weights of risk classes in accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks".

Fitch Credit Rating Institution ratings are taken into consideration when evaluating the entire class of receivables from central governments or central banks and receivable portfolios from financial institutions. Fitch Ratings are not taken into consideration for other risk classes.

The Fitch Rating assigned to a debtor is valid for all of the debtor's assets, no exception is made for a specific category of assets.

A Credit Rating Institution which is not included in the institution's mapping table is not taken into consideration in the credit risk amount calculation process.

j. Risk Amounts by Risk Weight:

31 December 2022										
Risk Weights	0%	20%	35%	50%	75%	100%	150%	200%		Deductions From Equity
1.Exposures before Credit Risk Mitigation	13,106,942	6,800,323	104,280	9,677,780	249,266	25,524,384	1,685,002	1,732,134		18
2. Exposures after Credit Risks Mitigation (*)	14,832,713	7,225,095	98,974	8,643,539	230,127	24,440,420	1,677,110	1,732,133		18

(*) The bank mitigates the credit risk using the simple financial collateral methods.

31 December 2021										
Risk Weights	0%	20%	35%	50%	75%	100%	150%	200%		Deductions From Equity
1.Exposures before Credit Risk Mitigation	6,868,950	2,341,177	446,949	4,253,380	100,353	21,512,101	161,682	-		1,626
2. Exposures after Credit Risks Mitigation (*)	7,804,669	2,424,877	443,767	4,022,838	96,929	20,747,947	143,565	-		1,626

(*) The Bank mitigates the credit risk using the simple financial collateral methods.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

II. EXPLANATIONS ON CREDIT RISK (Continued):

k. Informations in Terms of Major Sectors and Type of Counterparties:

31 December 2022	Loans		Provisions	
Major Sectors / Counterparties	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provision (TFRS 9-Stage 2)	Expected Credit Loss Provision (TFRS 9-Stage 3)
Agriculture	-	1,003	-	612
Farming and Stockbreeding	-	996	-	605
Forestry	-	1	-	1
Fishery	-	6	-	6
Manufacturing	858,126	308,168	90,359	95,104
Mining and Quarrying	-	650	-	596
Production	858,126	293,077	90,359	82,239
Electricity, Gas and Water	-	14,441	-	12,269
Construction	85,114	716,173	17,181	136,414
Services	5,293,591	588,339	1,348,527	273,540
Wholesale and Retail Trade	3,181,665	247,469	662,374	57,172
Accommodation and Dining	1,998,351	317,798	670,882	209,780
Transportation and Telecom	32,891	3,055	13,649	930
Financial Institutions	-	11	-	11
Real Estate and Rental Services	80,609	15,417	1,621	3,087
Professional Services	-	5	-	4
Educational Services	75	4,498	1	2,535
Health and Social Services	-	86	-	21
Other	64,248	81,071	23,869	16,000
Total	6,301,079	1,694,754	1,479,936	521,670

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

II. EXPLANATIONS ON CREDIT RISK (Continued):

k. Informations in Terms of Major Sectors and Type of Counterparties (Continued):

31 December 2021	Loans		Provisions	
Major Sectors / Counterparties	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provision (TFRS 9-Stage 2)	Expected Credit Loss Provision (TFRS 9-Stage 3)
Agriculture	-	1,333	-	561
Farming and Stockbreeding	-	1,325	-	555
Forestry	-	2	-	1
Fishery	-	6	-	5
Manufacturing	683,526	389,787	104,864	131,365
Mining and Quarrying	-	29,160	-	2,217
Production	683,526	359,378	104,864	128,390
Electricity, Gas and Water	-	1,249	-	758
Construction	112,756	789,746	28,504	260,262
Services	4,478,781	585,603	1,163,804	293,007
Wholesale and Retail Trade	2,580,887	258,604	492,331	103,018
Accommodation and Dining	1,847,812	6,711	656,936	4,021
Transportation and Telecom	32,189	70,783	13,649	22,937
Financial Institutions	-	402	-	375
Real Estate and Rental Services	13,052	242,194	707	160,032
Professional Services	-	154	-	3
Educational Services	218	4,520	2	2,559
Health and Social Services	4,623	2,235	179	62
Other	75,694	153,484	1,335	42,426
Total	5,350,757	1,919,953	1,298,507	727,621

l. Information about Value Adjustment and Change in Provisions:

31 December 2022	Opening Balance	Provision for Period	Write off from Asset (*)	Other Adjustments (**)	Closing Balance
1. Specific Provisions	747,635	273,023	(483,656)	5,153	542,155
2. General Provisions	1,364,423	458,646	(579,277)	300,028	1,543,820
TOTAL	2,112,058	731,669	(1,062,933)	305,181	2,085,975

(*) Special and general provisions for non-cash loans classified as non-performing loans are included in the opening and closing balances.

(**) Other adjustments column includes the exchange differences of the foreign currency provisions.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

II. EXPLANATIONS ON CREDIT RISK (Continued):

I. Information about Value Adjustment and Change in Provisions (Continued):

31 December 2021	Opening Balance	Provision for Period	Write off from Asset (*)	Other Adjustments (**)	Closing Balance
1. Specific Provisions	679,033	118,438	(54,274)	4,438	747,635
2. General Provisions	720,221	196,480	(5,449)	453,171	1,364,423
TOTAL	1,399,254	314,918	(59,723)	457,609	2,112,058

(*) Special and general provisions for non-cash loans classified as non-performing loans are included in the opening and closing balances.

(**) Other adjustments column includes the exchange differences of the foreign currency provisions.

m. Risks Included in Cyclical Capital Buffer Calculation:

None.

III. EXPLANATIONS ON RISK MANAGEMENT:

Risk Management Approach and Risk Weighted Amounts

a. Risk Management Approach of the Bank:

- 1. The way risk profile of the Bank is determined by business model and its interaction and risk appetite:**

The Bank prepares its business strategy including medium and long term growth objectives and makes an annual revision through reviewing. The Bank reviews its business strategy annually in a periodic manner and aforementioned business strategies are reviewed ad hoc and more frequently and can be revised if it is required by economic developments and market conditions. Risk appetite of the Bank is designated in full compliance with its business strategy and main risks, which shall be taken due to main components of main activity area and business strategy of the Bank, comprise main inputs of risk appetite determined by Board of Directors.

- 2. Risk management structure: Responsibilities assigned within the body of the Bank:**

Board of Directors is responsible for developing a risk appetite in compliance with business strategy of the Bank and establishing a risk management system in line with risk appetite. Board of Directors carries out activities such as definition, monitoring, reporting of the risk and developing risk mitigating measures through Audit Committee, Board of Directors Risk Committee, Risk Coordination Committee, Assets and Liabilities Committee (ALCO) and Risk Management Group, Internal Control Department, Directorate of Supervisory Board and Compliance Departments.

Audit Committee controls whether provisions included in legislation related risk management and intra-group and implementation procedures approved by the Board of Directors are applied or not and makes recommendations to board of directors regarding measures which should be taken. It also evaluates whether there are method, instrument and implementations procedures required for identification, measurement, monitoring and controlling of Group's risks or not.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Risk management structure: Responsibilities assigned within the body of the Bank (Continued):

Board Risk Committee is responsible for the development of risk management systems in line with business strategy and risk appetite of the Bank, presentation of amendment recommendations related to risk management policies to Board of Directors and establishment of required method, instrument and implementation procedures in order to ensure identification, measurement, monitoring and reporting of risks by non-executive independent departments.

ALCO is responsible to monitor and manage structural asset-liability non-compliance of the Bank together with the monitoring and controlling of liquidity and exchange risks through holding meetings on a weekly basis.

Risk Management Group, which carries out its activities independent from executive functions, consist of Credit Risk and Modelling Unit, Market Risk Unit and Operational Risk Unit which operate under the Credit and Market Risk Unit. Credit Risk and Modelling Unit is responsible for defining, measuring, monitoring and reporting of outputs with respect to risks exposed by the Bank and its partners which are subject to consolidation and sharing of solution recommendations for risk mitigation with related departments. Credit risk appetite limits, which are approved by Board of Directors, are monitored in specific periods and results are reported to Board of Directors and senior management. The unit gives support to credit risk analysis through stress tests, reverse stress tests and scenario analysis. The department is also responsible for monitoring the results of internal rating systems and TFRS 9 models, conducting validation and calibration works.

Market Risk Unit is responsible for defining, measuring, monitoring and reporting of outputs with respect to risks exposed by the Bank and its partners which are subject to consolidation. The Unit is also responsible to monitor and report limits specified related to treasury risk parameters and liquidity risk. Limit-risk follow-up regarding counterparty credit risk, stress tests and scenario analysis are also under the responsibility of the unit in question.

Operational Risk Unit carries out definition, measurement, assessment, controlling, mitigation, monitoring and reporting activities of operational risks. Internal Audit is responsible for the evaluation of operational risk management framework with its all aspects in an independent manner. The aforementioned evaluation includes both activities of business units and also activities of Operational Risk Management.

Internal Control Center carries out activities at secondary control level in order to monitor and report risks and develop measures reducing risks with executive departments. Directorate of Supervisory Board carries out required intra-company audits in order to reduce risks exposed by the Bank to a minimum level.

Compliance Department carries out the function to monitor legislative amendments and validity and effective date of regulations and timely informing of related parties with respect to aforementioned issues. Regulations, which are directly or indirectly related to risks exposed by Bank are shared with both executive and non-executive departments such as Risk Management Group.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

3. Channels which are used to extend and apply risk culture in the Bank:

Risk Management application is developed on Intranet platform for the purpose of increasing awareness of employees in order to extend risk culture within the body of the Bank. Through this application, trainings and documents increasing awareness are shared with employees. Online trainings, related to risk management developed in order to raise awareness of employees, are shared with employees via remote training platform. Risk point of views of employees are supported through in-class trainings, if required.

Information on risk position of the Bank, expected and unexpected loss estimations, impacts of negative conditions on balance sheet of the Bank and realization levels of risk appetite limits determined by Board of Directors is shared with Board of Directors, related committees and senior management by Risk Management Group through reports issued. If there exists an overflow on the risk appetite limits, related departments are informed in order to ensure taking of pre-determined measures and results are monitored by Risk Management Group.

4. Main components and scope of Risk measurement systems:

Rating is used for corporate and commercial customers while score card and decision tree is used for retail loans in the Bank in order to measure loan risk. Internal rating systems are designated in the framework of business strategy, risk appetite, regulations of authorities with respect to rating systems and internal policies and their performances are periodically monitored by Risk Management Group and results are reported to Board of Directors and senior management. On the other hand, validations and calibrations of rating models are executed/coordinated by Credit Risk and Modelling Unit. The Bank has information systems enabling reporting according to sector, segment, branch, exchange rate, maturity, internal rating grade and risk class of credit portfolio. Risk appetite limits determined in the Loan Risk Policy are monitored on a monthly basis and conclusions reported to Board of Directors and senior management.

The Bank determines internal limits which are revised in the framework of business model, strategy and risk appetite of the Bank reviewed at least on an annual basis for exchange rate, interest, counterparty and liquidity risk which may be exposed. All limits are approved by Board of Directors and monitored in an effective manner by Board of Directors with early warning levels.

Basic Indicator Approach is used in order to determine capital requirement required for operational risk in accordance with legislations of BRSA. The Bank records operational risk events in the operational risk database and performs self-evaluation studies in order to raise awareness in operational risks, determine current operational risks and reduce possible negative impacts of such risks to minimum.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

5. Disclosures on risk reporting processes provided to Board of Directors and senior management:

Risk Management Group reports results of analysis related to risks such as credit, liquidity and operational to Board of Directors, Audit Committee, Board Risk Committee, Risk Coordination Committee, ALCO and senior management. Reporting is made to Risk Coordination Committee and Board of Directors on a monthly basis while it is made to Audit Committee and Board of Directors Risk Committee on a quarterly basis.

Results of concentration and credit risk stress test based on sector, segment, maturity, collateral, currency, internal rating and credit risk stress test and TFRS 9 calculation results; structural interest rate risk sourcing from banking accounts, details related to derivatives, liquidity analysis, stress tests made related to counterparty credit risk, deposit concentration, realizations related to risk appetite limits of market and liquidity; historical developments of operational risks based on loss categories and their distribution based on Bank and subsidiaries are included in aforementioned reports.

6. Disclosures on stress test:

The Bank makes stress tests for risk categories of credit, market, liquidity and operational risk both in scope of Internal Capital Adequacy Assessment Process (ICAAP) and also as periodical internal and results are shared with Board of Directors, senior management and audit authority, if required.

The Bank considers scenarios announced by BRSA and pre-determined negative and extremely negative scenarios for stress tests made in scope of ICAAP. Scenarios are determined through taking macro-economic variables, business strategy and risk appetite of the Bank and negative past conditions into account. In scope of ICAAP, both particular and also total stress tests are made based on significant risk types.

Internal periodic stress tests are made in the framework of scenarios determined internally in accordance with portfolio, business strategy, risk appetite and retrospective estimations of the Bank. The Bank prepares its internal periodic stress tests through benefiting from sensitivity analysis, stress test, reverse stress test and scenarios analysis instruments. Credit risk stress tests include scenarios such as depreciation of Turkish Lira, increase in overdue receivables and decrease in real estate values. On the other hand, reverse stress tests towards risk appetite limits through scenario analysis related to concentration index are periodically made. Scenario analyzes are carried out regarding the impact of fluctuations in macroeconomic indicators on the expected loss provision, and the results are shared with the senior management.

Impact of each shocks on profitability and capital is measured in stress tests made in scope of Market Risk. Risk factors, for which a shock is applied, are exchange rates, interests and prices of shares. Foreign exchange position gain/loss sourcing from sudden exchange and interest movements, banking activities, impact of Interbank transactions and Commercial Funding on capital, bond, derivative and share portfolio gain/loss are calculated in stress tests.

Impact of exchange, volatility and interest rate shocks on derivative portfolio specific for customer is reviewed in scope of Counterparty Credit Risk stress tests and results are discussed in related committees.

In scope of operational risk tests, loss estimation is made through statistical methods via taking historical loss data into account and its effect on capital requirement is reviewed.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

7. Risk management, hedging and mitigation strategies and process of the group sourcing from its business model and Monitoring processes of continuing effects of protection and mitigation

The Bank includes collaterals in Communique on Credit Risk Mitigation Techniques to credit risk mitigation with respect to capital requirements calculations and those collaterals are used in calculations over their consideration rates in the aforementioned communique. The operational conditions mentioned in the Communique should be met in order to be able to include collaterals in credit risk mitigation.

Determination of actions towards mitigation through assessing risks exposed in current processes, key risk indicators and loss events, use of support services and pre-evaluation studies of implementation procedures and policies of new products are carried out in order to mitigate risk which are exposed or shall be exposed in operational risk management. Insurances towards risk mitigation are made. Risk mitigation exposed due to a distrupcion is aimed to be reduced through Business Continuity Plan approved by Board of Directors ensuring the continuity of operations in reasonable periods. In this scope, Business Continuity Plan is periodically tested and required updates are made.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

Overview of Risk-Weighted Amounts

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of the date 31 December 2022:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

In accordance with the Board Decision dated 28 April 2022 and numbered 10188, a 200% risk weight has been applied to commercial TL cash loans to be extended as of 1 May 2022 (excluding loans exempted as per the decision).

With the Board Decision of 23 June 2022 and numbered 10248, a 500% risk weight has been applied to commercial cash loans in TL and FC that will be extended to non-residents, excluding banks and financial institutions, after the date of the said Decision. In addition, some regulations have been introduced regarding the use of credit by companies subject to independent auditing. In this context, if companies fail to notify the bank of their documents in accordance with the board's decision or give information contrary to the statement, new cash trade loans in TL should not be extended to the relevant companies and a 500% risk weight should be applied to all cash trade loans extended on or after 30 June 2022.

Within the framework of the "Regulation Amending the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette dated 4 February 2022 and numbered 31740; the counterparty credit risk of derivative transactions followed in banking accounts and purchasing accounts and not executed with a central counterparty is calculated with the Standard Approach method as of 1 July 2022, as explained in Appendix 2 of the Regulation. In the calculations, collaterals and special netting agreements are taken into account to the extent permitted by the method explained in Appendix-2. Similarly, the credit valuation adjustment for derivative transactions, margin securities, repo and reverse repo transactions that are not made with a central counterparty is calculated on the basis of the updated Regulation Appendix - 2 rule set. When calculating the central counterparty capital requirement for derivative products made with a central counterparty, the updated Regulation Appendix - 4 rule set is taken as the basis.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

Overview of Risk Weighted Amounts (Continued):

		Risk Weighted Amounts		Minimum Capital Liability
		Current Period	Prior Period	Current Period
		31 December 2022	31 December 2021	31 December 2022
1	Credit risk (excluding counterparty credit risk) (CCR)	35,816,475	23,171,611	2,865,318
2	Standardized approach (SA)	35,816,475	23,171,611	2,865,318
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	1,003,756	767,094	80,300
5	Standardized approach for counterparty credit risk (SACCR)	1,003,756	767,094	80,300
6	Internal Model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory Formula Approach (SSFA)	-	-	-
16	Market risk	2,064,396	281,826	165,152
17	Standardized approach (SA)	2,064,396	281,826	165,152
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	1,538,433	1,434,741	123,075
20	Basic indicator approach	1,538,433	1,434,741	123,075
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustments	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	40,423,060	25,655,272	3,233,845

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

c. Relations between Financial Tables and Risk Amounts

1. Differences and Matchmaking Between Accounting Consolidation and Legal Consolidation

31 December 2022	Carrying values of items in accordance with TAS					
	(*) Valued amount according to TAS within legal consolidation	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and the central bank (net)	6,848,758	5,304,573	-	-	-	-
Financial assets at fair value through profit or loss (net)	1,090,059	-	486,687	-	180,825	18
Financial assets classified at fair value through profit or loss (net)	-	-	-	-	-	-
Banks (net)	1,175,844	900,240	-	-	-	-
Money market receivables (net)	1,809,256	1,484,073	1,809,256	-	-	-
Financial assets at fair value through other comprehensive income (net)	1,603,903	1,603,903	7,814	-	-	-
Loans and receivables (net)	34,735,886	32,026,040	-	-	-	-
Factoring receivables (net)	-	-	-	-	-	-
Other financial assets measured at amortized cost (net)	5,380,706	5,380,706	1,582,000	-	-	-
Associates (net)	-	-	-	-	-	-
Subsidiaries (net)	1,096,358	1,096,358	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-
Lease receivables (net)	-	-	-	-	-	-
Derivative financial assets held for hedging (net)	2,040,339	-	2,040,339	-	-	-
Tangible assets (net)	207,119	196,313	-	-	-	10,806
Intangible assets (net)	81,502	-	-	-	-	81,502
Investment properties (net)	-	-	-	-	-	-
Tax asset (net)	164,843	164,843	-	-	-	-
Assets held for resale and related to discontinued operations (net)	855,289	855,289	-	-	-	-
Other assets (net)	716,824	711,196	-	-	-	-
Total assets	57,806,686	49,723,534	5,926,096	-	180,825	92,326
Liabilities						
Deposits	40,047,920	-	-	-	-	40,047,920
Derivative financial liabilities held for trading	555,534	-	381,784	-	257,086	173,750
Funds borrowed	1,567,606	-	-	-	-	1,567,606
Payables to money markets	1,332,295	-	1,332,295	-	-	-
Marketable securities issued	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous payables	3,246,885	-	-	-	-	3,246,885
Other foreign sources	348,533	-	-	-	-	348,533
Factoring payables	-	-	-	-	-	-
Lease payables	81,251	-	-	-	-	81,251
Derivative financial liabilities held for hedging	405,590	-	-	-	-	405,590
Provisions	892,708	-	-	-	-	892,708
Tax liability	463,055	-	-	-	-	463,055
Liabilities for tangible assets held for sale and related to discontinued operations (net)	-	-	-	-	-	-
Subordinated loans	3,771,359	-	-	-	-	3,771,359
Shareholder's equity	5,093,950	-	-	-	-	5,093,950
Total liabilities	57,806,686	-	1,714,079	-	257,086	56,092,607

(*) On the table above, amounts of allocated TFRS 9 loss provisions in the current period are presented by netting in the related balance sheet entries.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

c. Relations between Financial Tables and Risk Amounts (Continued):

1. Differences and Matchmaking Between Accounting Consolidation and Legal Consolidation (Continued):

31 December 2021	Carrying values of items in accordance with TAS					
	(*) Valued amount according to TAS within legal consolidation	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and the central bank (net)	6,391,851	4,481,009	-	-	-	-
Financial assets at fair value through profit or loss (net)	1,663,639	-	1,528,715	-	266,704	1,626
Financial assets classified at fair value through profit or loss (net)	-	-	-	-	-	-
Banks (net)	553,434	447,489	-	-	-	-
Money market receivables (net)	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income (net)	667,179	667,179	1,295	-	-	-
Loans and receivables (net)	23,908,423	20,943,329	-	-	-	-
Factoring receivables (net)	-	-	-	-	-	-
Other financial assets measured at amortized cost (net)	1,023,468	1,023,468	273,313	-	-	-
Associates (net)	-	-	-	-	-	-
Subsidiaries (net)	669,736	669,736	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-
Lease receivables (net)	-	-	-	-	-	-
Derivative financial assets held for hedging (net)	1,443,344	-	1,443,344	-	-	-
Tangible assets (net)	148,917	136,858	-	-	-	12,059
Intangible assets (net)	51,007	-	-	-	-	51,007
Investment properties (net)	-	-	-	-	-	-
Tax asset (net)	27,218	24,014	-	-	-	-
Assets held for resale and related to discontinued operations (net)	1,039,002	1,039,002	-	-	-	-
Other assets (net)	427,422	428,902	-	-	-	-
Total assets	38,014,640	29,860,986	3,246,667	-	266,704	64,692
Liabilities						
Deposits	24,634,663	-	-	-	-	24,634,663
Derivative financial liabilities held for trading	842,595	-	837,816	-	218,865	4,779
Funds borrowed	3,786,448	-	-	-	-	3,786,448
Payables to money markets	211,908	-	211,908	-	-	-
Marketable securities issued	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous payables	1,964,453	-	-	-	-	1,964,453
Other foreign sources	195,698	-	-	-	-	195,698
Factoring payables	-	-	-	-	-	-
Lease payables	74,211	-	-	-	-	74,211
Derivative financial liabilities held for hedging	186,864	-	-	-	-	186,864
Provisions	246,477	-	-	-	-	246,477
Tax liability	49,701	-	-	-	-	49,701
Liabilities for tangible assets held for sale and related to discontinued operations (net)	-	-	-	-	-	-
Subordinated loans	3,347,213	-	-	-	-	3,347,213
Shareholder's equity	2,474,409	-	-	-	-	2,474,409
Total liabilities	38,014,640	-	1,049,724	-	218,865	36,964,916

(*) On the table above, amounts of allocated TFRS 9 loss provisions in the current period are presented by netting in the related balance sheet entries.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Main Sources of Differences between Amounts valued in accordance with TAS and Risk Exposures

	31 December 2022	Total	Subject to credit risk	Subject to securitisation	Subject to counterparty credit risk	Subject to market risk
1	Asset carrying value amount under scope of regulatory consolidation (as in template B1)	55,830,455	49,723,534	-	5,926,096	180,825
2	Liabilities carrying value amount under regulatory scope of consolidation (as in template B1)	(1,971,165)	-	-	(1,714,079)	(257,086)
3	Total net amount under regulatory scope of consolidation	53,859,290	49,723,534	-	4,212,017	(76,261)
4	Off-Balance sheet amounts	9,215,965	9,215,965	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences resulted from the BRSA's applications	(2,130,748)	(3,123,123)	-	(1,148,282)	2,140,657
9	Differences Due to Risk Reduction	-	-	-	-	-
10	Risk amounts	60,944,507	55,816,376	-	3,063,735	2,064,396

	31 December 2021	Total	Subject to credit risk	Subject to securitisation	Subject to counterparty credit risk	Subject to market risk
1	Asset carrying value amount under scope of regulatory consolidation (as in template B1)	33,374,357	29,860,986	-	3,246,667	266,704
2	Liabilities carrying value amount under regulatory scope of consolidation (as in template B1)	(1,268,589)	-	-	(1,049,724)	(218,865)
3	Total net amount under regulatory scope of consolidation	32,105,768	29,860,986	-	2,196,943	47,839
4	Off-Balance sheet amounts	5,821,740	5,821,740	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences resulted from the BRSA's applications	(1,961,090)	(2,319,295)	-	124,218	233,987
9	Differences Due to Risk Reduction	-	-	-	-	-
10	Risk amounts	35,966,418	33,363,431	-	2,321,161	281,826

3. Disclosures on Differences between Amounts valued in accordance with TAS and Risk Exposures

There exist no difference between accounting and legal consolidation scopes of the Bank.

Significant differences between amounts valued in accordance with TAS and Risk exposures source from securities and derivatives. Securities mentioned in repo transaction in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are designated in Money Markets Debts item. For derivative transactions, the Bank has foreign exchange swap and interest swap products which are monitored under trading accounts and made for structural interest rate risk and liquidity risk management. Therefore, those products should not be considered in scope of market risk although they are monitored under trading accounts in accordance with TAS.

Valuation methodologies, including disclosure on using of market value and model value methodologies, performs valuation of financial assets of the Bank tracked under trading accounts on a daily basis. Market prices, obtained from independent data providers, are kept in treasury system and valuations are made systemically.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

Market values of products such as forward exchange, foreign exchange swaps and interest swaps traded in over the counter markets are calculated based on discounting of cash flows over market interest rates. Globally accepted valuation methodologies are used for option products.

The Bank uses weighted average prices for securities trades in BIST for Turkish Lira securities portfolio while it uses prices in nature of indicator announced by Central Bank for securities not traded on BIST. Market average prices, obtained from independent data providers, are used for foreign currency securities.

Description of independent price approval processes: The Bank obtains market prices, which shall be used in valuation, from independent data providers and manages through checkpoints established independent from risk generating unit/departments. Valuation prices are created by collecting data in the treasury system for risk factors (such as interest rate, exchange rate, volatility, bond prices) at a predetermined time each day. The aforementioned data is formed following an inquiry executed by Information Technologies without the interruption of any users. Prices, which shall be used in valuations, are controlled by Market Risk Department on a daily basis.

Besides, Market Risk Department controls and documents yield curves methodologically, valuation methods and accuracy of fair value calculations periodically.

Processes for valuations adjustments or differences: The Bank does not make valuation adjustment since financial assets recognized at fair value are traded on an active market.

d. Credit Risk Disclosures

1. General Qualitative Information on Credit Risk:

i. Conversion of Bank's business model to components of credit risk profile:

The Bank has forward-looking measurement and forecast instruments which are sensitive to risk and including appropriate information technology applications and management information systems in order to take expected or unexpected losses into account in all types of risk under both normal and also negative market conditions. The conversion of business model to components in risk profile is digitized through aforementioned instruments. The Bank especially uses stress test and scenario analysis in order to measure effects of negative conditions on bank's portfolio and business strategy and risk appetite of the Bank is considered while determining parameters for respective analysis

ii. Criteria and approaches used in determining the credit risk policy and credit risk limits:

The Bank determines its short, medium and long term credit strategy in line with its business strategy and risk appetite and implement operations according to the criteria detailed in credit policies and credit risk policies in order to minimize expected and unexpected losses to be incurred due to load activities. The loan policies determine the procedures for the Bank's lending, monitoring, collection, administrative and legal follow-up processes, based on the principle of prudence and applicability. In other respect, with the credit risk policy, the general framework of the credit risk operations demanded by the legal authorities and/or performed effectively manage the credit risk internally is drawn. Therefore, the Credit Risk Policy, which sets the highest level framework of the Bank's credit risk operations, and the credit risk appetite limits detailed in this document are determined on the basis of legal requirements, the Bank's business strategy, credit strategy, risk appetite and credit policies are reviewed at least once a year and if necessary are being updated.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

**ii. Criteria and approaches used in determining the credit risk policy and credit risk limits
(Continued):**

While determining the credit risk appetite limits, the economic conjuncture, the Bank's business strategy, risk appetite and retroactive portfolio realizations are taken into considerations. In other respect, methods such as stress test and reverse stress test are used in the process of determining limit levels.

iii. Structure and organization of credit risk management and control function

All of the process related to direct or indirect credit allocation, extension, monitoring and operation of the Bank in favour of individuals or legal entities are reviewed in scope of credit risk management. In this context, first level of controls are detailed in credit policies and procedures. Internal rating systems are benefited as well as credit allocation processes in order to measure creditability of customers.

Credit risk studies in scope of capital adequacy are carried out by Credit Risk and Modelling Unit within the body of Risk Management Group in the framework of Credit Risk Policy. Credit Risk Policy includes activities related to credit risk management, credit risk management organization, related parties and their responsibilities and duties, main principles, implementations, limits and reporting determine in credit risk management.

Duties and responsibilities of Risk Management Group Credit Risk and Modelling Unit with respect to credit risk management are as follows:

- To make principal amount calculations subject to legal credit risk in the framework of determined rules by related regulations of BRSA and to monitor up-to-dateness of application used in this scope,
- To report results of analysis related to risk definition, measurement, analysis, monitoring and portfolio subject to in/off balance sheet credit risks to senior management in scope of Credit Risk Policy approved by Board of Directors and related application principles,
- To support development of rating/score card models for corporate, commercial and retail credits, to monitor their performances and to participate/coordinate their validation and calibration studies,
- To perform credit risk stress test, reverse stress test and scenario analysis determined through related regulations of BRSA and approved by Board of Directors and to share respective results with Risk Coordination Committee, senior management, Audit Committee, Board of Directors Risk Committee and Board of Directors,
- To make probability of default (PD), loss given default (LGD) and residual risk calculations based on internal rating models and share opinion and recommendations for the establishment of infrastructure for aforementioned calculations,
- To analyse credits portfolio through applying stress test, reverse stress test and scenario analysis, if required, for credit risk management,
- To monitor, report risk appetite limits determined in Credit Risk Policy periodically and share opinion and recommendations in revision of risk appetite limits,
- To share recommendations developed for stress test and scenario analysis in order to be presented to Board of Directors, with Risk Coordination Committee and Risk Committee.
- To monitor the performance of TFRS 9 models, to perform and/or to coordinate model revision, validation and calibration works.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

iv. Relation between credit risk management, risk control, legal compliance and internal audit functions

Three lines control mechanism is established in order manage credit risk and to reduce expected and unexpected losses to a minimum level at the Bank. The first line of controls are performed by executive units and include controls in entering into credit relation with customers having high level of creditability, credit allocation, crediting, repayment and monitoring phases. The second line of controls include activities performed by Risk Management Group and Internal Control Department and consist of definition, measurement, monitoring, reporting of risks and development of measures which shall reduce credit risk with executive departments. The third line of controls are performed by Supervisory Board. Directorate of Supervisory Board carries out required intra-company audits in order to reduce risks exposed by the Bank to a minimum level.

Compliance Department carries out the function to monitor legislative amendments and validity and effective date of regulations and timely informing of related parties with respect to aforementioned issues. Regulations, which are directly or indirectly related to risks exposed by Bank are shared with both executive and non-executive departments such as Risk Management Group.

Internal Audit function is executed by Directorate of Supervisory Board at the Bank. In this context, evaluations with respect to credit risk are carried out by Directorate of Supervisory Board through taking risks exposed by the Bank and related controls into account in the framework of annual audit plans. Assurance is provided on effectiveness and sufficiency of internal control and risk management strategies related to credit risk activity field executed towards strategies and objectives of the Bank through credit risk management in scope of headquarters unit and process audits and branch audits including preferred of Directorate of Supervisory Board.

Managers of Risk Management Group, Internal Control Department, Compliance Department and Directorate of Supervisory Board inform members of Committee through holding Risk Coordination Committee on a monthly basis and Audit Committee and Board of Directors Risk Committee meetings held on quarterly basis. Issues determined in the framework of second and third lines of controls are examined in meetings for credit risk management and risk mitigation measures are reviewed. Those departments report to Board of Directors through Audit Committee and Board of Directors Risk Committee.

v. Scope and main content of reporting to senior management and board members regarding credit risk management function and exposure to credit risk

Credit risk exposed by the Bank is monitored periodically by Risk Management Group Credit Risk and Modelling Unit and results are shared with senior managers of ALCO, credit marketing and allocation on a weekly basis, with Board of Directors and Risk Coordination Committee on a monthly basis and with Board of Directors Risk Committee on a quarterly basis. The scope and main content of aforementioned reports consist of sector, segment, risk classes, internal rating grades, collateral concentration of credit portfolio; close monitoring and legal proceedings portfolios, ageing analysis, probability of default estimations calculated based on rating and scoring systems, foreign currency and maturity concentrations, capital adequacy, periodical comparisons and result of stress test and scenarios analysis.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Credit Quality of Assets

	31 December 2022	The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation		Provisions/ depreciation and impairment	Net value
		Defaulted exposures	Non-defaulted exposures		
1	Loans	1,694,754	35,087,154	2,045,979	34,735,929
2	Debt instruments	-	7,580,307	43	7,580,264
3	Off-balance sheet receivables	35,367	10,504,147	35,356	10,504,158
4	Total	1,730,121	53,171,608	2,081,378	52,820,351

	31 December 2021	The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation		Provisions/ depreciation and impairment	Net value
		Temerrüt etmiş	Temerrüt etmemiş		
1	Loans	1,919,953	24,068,090	2,079,607	23,908,436
2	Debt instruments	-	1,817,897	13	1,817,884
3	Off-balance sheet receivables	44,716	7,584,343	30,902	7,598,157
4	Total	1,964,669	33,470,330	2,110,522	33,324,477

3. Changes in Stock of Defaulted Loans and Debt Securities

31 December 2022

1	Defaulted loans and debt securities at the end of the previous reporting period	1,964,669
2	Loans and debt securities that have defaulted since the last reporting period	409,587
3	Returned to non-defaulted status	-
4	Amounts written off (-)	92,344
5	Other changes	(551,791)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	1,730,121

31 December 2021

1	Defaulted loans and debt securities at the end of the previous reporting period	1,900,535
2	Loans and debt securities that have defaulted since the last reporting period	449,492
3	Returned to non-defaulted status	-
4	Amounts written off (-)	32,892
5	Other changes	(352,466)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	1,964,669

4. Additional Disclosures Related to Credit Quality of Assets:

- i. Scope and descriptions of “overdue” receivables and “provisioned” receivables which are used for accounting and differences between descriptions of “overdue” and “provisioned”, if available:

Receivables having a delay of more than 90 days are defined as “overdue receivables”. There is no difference between “overdue receivable” and “provisioned” definitions since provisions are allocated for the whole overdue receivables.

- ii. Part of overdue receivables (more than 90 days) which are not evaluated as “provisioned” and reasons for this application:

None.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

iii. Descriptions of methods used while determining provision amounts:

As of 1 January 2018, in accordance with the Communiqué related to "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" published in the Official Gazette no. 29750 dated 22 June 2016, the Bank has started to allocate a loss allowance for expected credit losses on financial assets and loans measured at amortized cost in accordance with TFRS 9. In this context, as of 31 December 2017, the credit loss allowance method within the framework of the BRSA's related legislation has been changed to the loss allowance for expected credit losses model with the implementation of TFRS 9. The predictions of expected credit loss forecasts include credible information which is objective, probability-weighted, supportable about past events, current conditions, and forecasts of future economic conditions.

iv. Descriptions of restructured receivables:

Loans and other receivables can be restructured, through providing additional loan, if required, or linked to a repayment schedule in order to provide collection of receivable of the bank and provide liquidity capacity to debtor if the non-fulfillment of liabilities related to credits and other receivables is sourcing from temporary liquidity deficiency.

v. Breakdown of receivables according to geographical regions, sector and residual maturity:

Separation of receivables according to geographical area (Cash and non-cash loans and non-performing loans):

		31 December 2022	31 December 2021
1	Domestic	44,332,115	30,228,330
2	European Union Countries	387,819	602,765
3	OECD Countries (*)	98,220	69,906
4	Off-shore Banking Regions	-	-
5	USA, Canada	5,376	3,832
6	Other Countries	21,184	50,153
7	Associates, Subsidiaries and Jointly Controlled Entities	-	-
8	Unallocated Assets / Liabilities	-	-
9	Total	44,844,714	30,954,986

(*) Includes OECD countries other than EU countries, USA and Canada.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

Breakdown of receivables by sector (Cash and non-cash loans and non-performing loans):

	31 December 2022	31 December 2021
1 Agriculture	1,080,742	490,774
2 Farming and Stockbreeding	917,171	467,171
3 Forestry	162,669	18,050
4 Fishery	902	5,553
5 Manufacturing	15,179,202	11,060,761
6 Mining and Quarrying	76,211	75,730
7 Production	11,312,446	8,501,602
8 Electricity, Gas and Water	3,790,545	2,483,429
9 Construction	2,592,788	3,772,084
10 Services	23,562,371	14,871,425
11 Wholesale and Retail Trade	8,695,216	5,602,012
12 Accommodation and Dining	3,618,812	3,119,277
13 Transportation and Telecom	788,058	829,097
14 Financial Institutions	9,087,577	3,966,288
15 Real Estate and Rental Services	1,110,882	1,310,779
16 Professional Services	10,677	7,802
17 Educational Services	2,037	2,176
18 Health and Social Services	249,112	33,994
19 Other	2,429,611	759,942
20 Total	44,844,714	30,954,986

Separate receivables according to remaining demand (Cash and non-cash loans and non-performing loans):

	1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Undistributable	Total
31 December 2022							
Cash and Non-cash Loans	16,109,995	9,050,669	8,346,430	7,171,800	2,992,736	1,173,084	44,844,714
31 December 2021							
Cash and Non-cash Loans	9,431,028	5,871,526	4,889,584	5,883,903	3,686,613	1,192,332	30,954,986

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

- vi. Amounts of receivables provisioned based on the basis of geographical regions and sectors (according to the definition used by the bank in accounting terms) and amount written-off from assets through related provisions:

Geographical and sectoral breakdowns of impaired and overdue receivables and provisions made for those receivables and value adjustments are in the below table and all amounts included are domestic.

		31 December 2022		31 December 2021	
		Non-Performing Loan	Specific Provision	Non-Performing Loan	Specific Provision
1	Agriculture	1,003	612	1,333	561
2	Farming and Stockbreeding	996	605	1,325	555
3	Forestry	1	1	2	1
4	Fishery	6	6	6	5
5	Manufacturing	308,168	95,104	389,787	131,365
6	Mining and Quarrying	650	596	29,160	2,217
7	Production	293,077	82,239	359,378	128,390
8	Electricity, Gas and Water	14,441	12,269	1,249	758
9	Construction	716,173	136,414	789,746	260,262
10	Services	588,339	273,540	585,603	293,007
11	Wholesale and Retail Trade	247,469	57,172	258,604	103,018
12	Accommodation and Dining	317,798	209,780	6,711	4,021
13	Transportation and Telecom	3,055	930	70,783	22,937
14	Financial Institutions	11	11	402	375
15	Real Estate and Rental Ser.	15,417	3,087	242,194	160,032
16	Professional Services	5	4	154	3
17	Educational Services	4,498	2,535	4,520	2,559
18	Health and Social Services	86	21	2,235	62
19	Other	81,071	16,000	153,484	42,426
20	Total	1,694,754	521,670	1,919,953	727,621

The total provision amount of non-performing loans written off from assets and written off in 2022 is TL 92,344 and their sectoral breakdown is as follows: (2021: TL 32,892)

	Written-off (Accounts)	Written-off (Assets)
Agriculture	-	-
Farming and Stockbreeding	-	-
Forestry	-	-
Fishery	-	-
Manufacturing	14,270	-
Mining and Quarrying	1,795	-
Production	12,475	-
Electricity, Gas and Water	-	-
Construction	20,769	-
Services	57,304	-
Wholesale and Retail Trade	11,777	-
Accommodation and Dining	36	-
Transportation and Telecom	22,661	-
Financial Institutions	76	-
Real Estate and Rental Services	22,672	-
Professional Services	-	-
Educational Services	21	-
Health and Social Services	61	-
Other	1	-
Total	92,344	-

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

vii. Aging analysis for overdue receivables:

Aging analysis for overdue receivables are included in Section IV, II.b.

viii. Breakdown of restructured receivables based on being provisioned or not:

Special and general provisions are set aside for restructured receivables within the scope of the "Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Set aside for These" and TFRS 9, and there is no case of no provision.

e. Credit Risk Mitigation

1. Qualitative Requirements to be Disclosed to the Public Regarding Credit Risk Mitigation Techniques:

Collaterals obtained as guarantees of credits are secondary repayment sources of credits. Therefore, it should be considered that market values of assets and commitments, obtained as collaterals, are measureable and whether they have a second hand market or not. Collaterals accepted by Banks are listed in Corporate Credit Policy and its annexes.

Collaterals, which should be received as a guarantee for each credits and loan to value ratio with respect to those collaterals are determined during the allocation of credits. Related approval authority is authorized to determine a laon to value ratio for each customer and credit. If assets traded on markets having higher level of volatility are received as collaterals, a prudential loan to value rate is determined through considering maturity of the credit and price volatility of the asset.

Short term fluctuations in fair value of assets are not considered in evaluation of collaterals. Regular reviews of collaterals such as property and cheque whose change of value and translation to cash ability can not be monitored simultaneously are made. Market value of properties received as collateral are reviewed in accordance with rules determined by BRSA and internal rules determined in related policies.

Insuring of collaterals against possible losses is preferred, when possible.

In collateralized credit transactions, additional collateral should be received in case of the revaluation of the collateral shows that there is a significant decrease on the collateral and actual loan to value ratio is under the contractual loan to value ratio.

Establishment of type of collateral guarantor in a versatility preventing concentration on collateral providers and geography, is one of the main principles.

The Bank considers collaterals in its calculations for principal amount subject to credit risk in accordance with rules mentioned in Communique on Measurement and Evaluation of Bank's Capital Adequacy and its annexes and Communique on Risk Mitigation Techniques.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Credit Risk Mitigation Techniques

		Exposures unsecured: amount valued in accordance with TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
	31 December 2022							
1	Loans	28,431,964	6,303,965	4,482,873	-	-	-	-
2	Debt securities	7,580,264	-	-	-	-	-	-
3	Total	36,012,228	6,303,965	4,482,873	-	-	-	-
4	Of which defaulted	1,148,704	39,263	39,263	-	-	-	-

		Exposures unsecured: amount valued in accordance with TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
	31 December 2021							
1	Loans	24,978,201	5,311,358	3,552,117	-	-	-	-
2	Debt securities	1,817,884	-	-	-	-	-	-
3	Total	26,796,085	5,311,358	3,552,117	-	-	-	-
4	Of which defaulted	1,122,924	94,110	92,220	-	-	-	-

f. Credit Risk If the Standard Approach is Used

1. Qualitative Disclosures which shall be made related to Rating Grades used in the calculation of Credit Risk with Standard Approach by Banks

Credit Risk If the Standard Approach is Used:

Fitch Grades are used in credit risk standard approach calculations for the determined receivable classifications by the Bank.

Grades of Fitch Credit Rating are taken into consideration for claims on sovereign and claims on banks and other financial institutions.

The CRA rating assigned to a debtor is taken into account for all assets of the debtor, no difference is made for any asset category.

CRA, which is not included in twinning table of the institution, is not used.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation Effects

31 December 2022		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Risk categories	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Risk weighted amount density
1	Receivables from central governments or central banks	12,057,686	-	12,444,307	-	-	-
2	Receivables from regional governments or local authorities	168,758	-	89,252	-	44,625	50.0%
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	61,755	-	61,755	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and institutions	3,259,598	979,089	3,339,102	921,314	1,424,882	33.4%
7	Receivables from corporates	22,857,418	7,798,915	22,543,589	4,909,100	24,215,765	88.2%
8	Retail exposures	1,884,608	289,190	1,884,613	127,793	2,747,913	136.5%
9	Receivables secured by residential property	97,609	15,783	97,622	6,807	34,902	33.4%
10	Receivables secured by commercial real estate	5,324,529	71,233	5,304,387	46,331	3,552,993	66.4%
11	Past-due loans	1,173,081	-	1,140,157	-	1,163,929	102.1%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16	Other Receivables	2,900,247	-	2,900,247	-	2,631,466	90.7%
17	Investments in equities	-	-	-	-	-	-
18	Total	49,723,534	9,215,965	49,743,276	6,073,100	35,816,475	64.2%

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

**2. Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation Effects
(Continued):**

	31 December 2021	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Risk categories	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Risk weighted amount density
1	Receivables from central governments or central banks	5.835.860	-	6.245.542	-	-	-
2	Receivables from regional governments or local authorities	77.816	-	77.813	-	38.907	50,0%
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	31.428	-	31.428	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and institutions	840.289	511.283	840.289	451.857	516.736	40,0%
7	Receivables from corporates	15.250.356	5.175.818	14.984.651	2.961.833	16.519.821	92,1%
8	Retail exposures	195.686	59.361	195.646	14.416	231.522	110,2%
9	Receivables secured by residential property	440.506	15.605	438.293	6.766	155.869	35,0%
10	Receivables secured by commercial real estate	3.683.565	28.245	3.638.747	16.131	2.538.783	69,5%
11	Past-due loans	1.192.329	-	1.115.440	-	1.119.386	100,4%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16	Other Receivables	2.344.579	-	2.344.579	-	2.050.587	87,5%
17	Investments in equities	-	-	-	-	-	-
18	Total	29.860.986	5.821.740	29.881.000	3.482.431	23.171.611	69,5%

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

3. Receivables According to Risk Classes and Risk Weights

31 December 2022											Total credit risk exposure amount (after CCF and CRM)
	Risk Classes/Risk Weight	0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%	
1	Receivables from central governments or central banks	12,444,307	-	-	-	-	-	-	-	-	12,444,307
2	Receivables from regional governments or local authorities	-	-	-	-	89,252	-	-	-	-	89,252
3	Receivables from public sector entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	61,755	-	-	-	-	-	-	-	-	61,755
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and institutions	-	-	2,367,006	-	1,883,857	-	9,553	-	-	4,260,416
7	Corporates receivables	427,569	-	4,205,103	-	2,355,448	-	18,731,803	633	1,732,133	27,452,689
8	Retail receivables	9,327	-	8,997	-	6,565	230,058	131,802	1,625,657	-	2,012,406
9	Receivables secured by residential property	5,119	-	187	98,974	-	-	-	149	-	104,429
10	Receivables secured by commercial real estate	61,870	-	6,900	-	3,460,670	-	1,821,278	-	-	5,350,718
11	Past-due loans	-	-	-	-	3,129	-	1,086,357	50,671	-	1,140,157
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	-	-	-
17	Other Receivables	268,781	-	-	-	-	-	2,631,466	-	-	2,900,247
18	Total	13,278,728	-	6,588,193	98,974	7,798,921	230,058	24,412,259	1,677,110	1,732,133	55,816,376

31 December 2021											Total credit risk exposure amount (after CCF and CRM)
	Risk Classes/Risk Weight	0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%	
1	Receivables from central governments or central banks	6,245,542	-	-	-	-	-	-	-	-	6,245,542
2	Receivables from regional governments or local authorities	-	-	-	-	77,813	-	-	-	-	77,813
3	Receivables from public sector entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	31,428	-	-	-	-	-	-	-	-	31,428
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and institutions	-	-	455,749	-	821,621	-	14,776	-	-	1,292,146
7	Corporates receivables	320,176	-	1,117,364	-	425,815	-	16,082,500	629	-	17,946,484
8	Retail receivables	2,249	-	3,717	-	-	96,826	5,491	101,779	-	210,062
9	Receivables secured by residential property	925	-	-	443,767	-	-	-	367	-	445,059
10	Receivables secured by commercial real estate	18,434	-	159	-	2,195,068	-	1,441,217	-	-	3,654,878
11	Past-due loans	84	-	-	-	32,729	-	1,041,837	40,790	-	1,115,440
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	-	-	-
17	Other Receivables	293,992	-	-	-	-	-	2,050,587	-	-	2,344,579
18	Total	6,912,830	-	1,576,989	443,767	3,553,046	96,826	20,636,408	143,565	-	33,363,431

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

g. Disclosures Regarding Counterparty Credit Risk

1. Qualitative Disclosures on Counterparty Credit Risk

i. Objectives and policies of risk management with respect to CCR,

Counterparty credit risk (CCR) states default risk of counterparty, which is a party to a transaction imposing an obligation to both parties, going into default before the final payment included in cash flow of the transaction in question. Derivative financial instruments, repo and reverse repo transactions, securities and commodities lending transactions, transactions having long clearing process and margin trading transactions are considered in the aforementioned scope. The Bank ensures timely and accurate briefing for senior management and related departments and assignment of appropriate staff for measurement and monitoring for the purpose of an effective counterparty credit risk management. Senior Management is responsible for understanding significance and level of counterparty credit risk taken by the Bank.

The Bank allocates limits approved on the basis of customer and approved in different level of authorization in order to manage counterparty credit risk. Those limits are determined in a way including risk, which shall be taken, instrument and maturity information and periodically reviewed.

Activities, job definitions and responsibilities related to management, measurement, monitoring and reporting of counterparty credit risk are determined through policies and procedures. Counterparty credit risks can be simultaneously controlled on treasury system and early warning limit excess mechanisms are triggered if the use of limits are over 80%.

The Bank uses mark-to-market approach in order to measure counterparty credit risk and therefore, determines coefficients (add-on) used in order to add current market value through multiplying nominal amount of transaction for the purpose of establishing the risk exposed by counterparty until the maturity. Aforementioned coefficients are calculated based on market data obtained from independent data providers and it is principal that aforementioned coefficients should be lower than coefficients determined in Part 3 of Annex -2 of Communique on Measurement and Evaluation of Bank's Capital Adequacy prepared by BRSA and coefficients used in legal capital calculations. Market Risk Department reviews add-on coefficients with updated market data periodically reserving its right to update add-on coefficients more frequently if the volatility increases.

Besides, senior management is periodically supported with stress tests for business lines, Treasury and Credit Allocation decision making processes. With monthly meetings, the business lines, Treasury, Credit Allocation, Monitoring and Risk Management teams evaluate the stress test results.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

ii. Operational limit allocation method determined in scope of calculated internal capital for CCR and central counterparty risk,

The Bank assigns limits mentioned in transactions causing counterparty credit risk and central counterparty credit risk in accordance with principles determined in credit policies. It is principal to select customers having a high creditability and sufficient collateral conditions. Therefore, compliance of off-balance sheet transactions subject to CCR to in-balance sheet position of the customer in addition to creditability and collateral conditions of the customer, should be especially considered while allocating limits of the customer subject to such risks. Exchange rate and maturity compliance of in/off balance sheet transactions of the Customer and the customer having a foreign currency income reducing foreign currency risk to a minimum level are other important components which are considered while allocating aforementioned limits. The Bank should be careful in not allocating high level of leverage and/or long term off balance sheet transaction limits.

The Bank performs its treasury limit allocation in line with its Financial Institutions Credit Allocation and Borrowing Policy for those whose counterparty is a financial institution.

Daily Exchange Limit, Total Lending Limits, Issuer limit, Limit before Exchange and Total nominal limit are allocated for financial institutions.

A limit before exchange is allocated for customers apart from financial institutions.

There is a minimal CCP risk exposure due to the future transactions carried out by the Bank in Takasbank market.

iii. Policies towards determination of Guarantee and other risk mitigations and CCR including central counterparty risk,

International Swaps and Derivatives Association (ISDA), Credit Support Annex (CSA) and/or Global Master Repurchase Agreement (GMRA), which have international validity, are concluded in counterparty credit risk management with respect to financial institutions and collateral management process is operated on a daily basis.

Collateralization principles and procedures within the framework of credit policies applied at Bank for companies apart from financial institutions and individuals.

iv. Rules with respect to Counter-trend risk,

The Bank uses results of counterparty stress test performed periodically related to counter-trend risk and evaluates impact of deterioration in macro-economic conditions on credit risk of the customer.

v. Amount of additional collateralization, which have to be provided by the Bank if there exist a decline in credit rating grade,

There exists no additional collateral amount, which have to be provided by the Bank if there exists a decline in credit rating grade.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Assessment of Counterparty Credit Risk According to the Methods of Measurement

		Revaluation cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk weighted amounts
	31 December 2022						
1	Standard Approach-CCR (for derivatives)						
	Internal Model Approach - (for derivative financial instruments, repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)						
2							
	Simplified Standardised Approach for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)						
3						3,063,735	1,210,913
	Comprehensive Method for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)						
4							
	Value at risk for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions						
5							
6	Total					3,063,735	1,210,913

		Revaluation cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk weighted amounts
	31 December 2021						
1	Standard Approach-CCR (for derivatives)						
	Internal Model Approach - (for derivative financial instruments, repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)						
2							
	Simplified Standardised Approach for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)						
3						2,321,161	608,821
	Comprehensive Method for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)						
4							
	Value at risk for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions						
5							
6	Total					2,321,161	608,821

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

3. Capital Requirement for Credit Valuation Adjustments

	31 December 2022	Risk amount (After credit risk mitigation techniques)	Risk weighted amounts
	Total portfolio value with comprehensive approach CVA capital adequacy		
1	(i) Value at risk component (including 3*multiplier)		
2	(ii) Stressed Value at Risk (including 3*multiplier)		
3	All portfolios subject to Standardised CVA capital obligation	3,063,735	424,622
4	Total amount of CVA capital adequacy	3,063,735	424,622

	31 December 2021	Risk amount (After credit risk mitigation techniques)	Risk weighted amounts
	Total portfolio value with comprehensive approach CVA capital adequacy		
1	(i) Value at risk component (including 3*multiplier)		
2	(ii) Stressed Value at Risk (including 3*multiplier)		
3	All portfolios subject to Standardised CVA capital obligation	2,321,161	250,534
4	Total amount of CVA capital adequacy	2,321,161	250,534

4. Standard Approach - Counterparty Credit Risk by Risk Classes and Risk Weights

31 December 2022	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Risk weights									
Risk Classes									
Central governments and central banks receivables	718,719	-	325,182	-	-	-	-	-	1,043,901
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	598,252	-	306,268	792,492	-	-	-	-	1,697,012
Corporate receivables	234,277	-	5,452	52,126	-	28,161	-	-	320,016
Retail receivables	2,737	-	-	-	69	-	-	-	2,806
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	1,553,985	-	636,902	844,618	69	28,161	-	-	3,063,735

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

4. Standard Approach - Counterparty Credit Risk by Risk Classes and Risk Weights (Continued):

31 December 2021									
Risk weights	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Risk Classes									
Central governments and central banks receivables	707,671	-	-	-	-	-	-	-	707,671
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	182,875	-	839,127	385,044	-	-	-	-	1,407,046
Corporate receivables	1,293	-	8,761	84,748	-	111,539	-	-	206,341
Retail receivables	-	-	-	-	103	-	-	-	103
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	891,839	-	847,888	469,792	103	111,539	-	-	2,321,161

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

5. Collaterals Used for Counterparty Credit Risk

31 December 2022	Collaterals for derivatives transactions				Collaterals or other transactions	
	Collaterals taken		Collaterals given		Collaterals taken	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - Local Currency	-	-	-	-	979,665	-
Cash - Foreign Currency	-	-	-	-	598,251	-
Government Bonds-Domestic	-	-	-	-	-	-
Government Bonds-Other	-	-	-	-	-	-
Public Institution Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Share Certificate	-	-	-	-	-	-
Other Guarantees	-	-	-	-	-	-
Total	-	-	-	-	1,577,916	-

31 December 2021	Collaterals for derivatives transactions				Collaterals or other transactions	
	Collaterals taken		Collaterals given		Collaterals taken	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - Local Currency	-	-	-	-	1,295	-
Cash - Foreign Currency	-	-	-	-	182,873	-
Government Bonds-Domestic	-	-	-	-	-	-
Government Bonds-Other	-	-	-	-	-	-
Public Institution Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Share Certificate	-	-	-	-	-	-
Other Guarantees	-	-	-	-	-	-
Total	-	-	-	-	184,168	-

6. Credit Derivatives:

None.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

7. Risk to Central Counterparty:

The Bank is exposed to a minimal Central Counterparty risk due to its futures transactions in the Takasbank market.

		RiskAmount	
31 December 2022		After CRA	RAT
1	Total risks arising from transactions to qualified CCP	-	1,232
2	Regarding risks arising from transactions in CCP (excluding initial margin and guarantee fund amount)	-	-
3	(i) OTC derivative financial instruments	-	-
4	(ii) Other derivative financial instruments	-	-
5	(iii) Repo-reverse repo transactions, overdraft transactions, and lending or borrowing securities or commodities	-	-
6	(iv) Netting groups to which cross product netting is applied	-	-
7	Reserved initial margin	-	-
8	Unreserved initial margin	-	-
9	Paid guarantee fund amount	-	-
10	Unpaid guarantee fund commitment	-	-
11	Total risks arising from transactions to non-qualified CCPs	-	-
12	Regarding risks arising from transactions in CCP (excluding initial margin and guarantee fund amount)	-	-
13	(i) OTC derivative financial instruments	-	-
14	(ii) Other derivative financial instruments	-	-
15	(iii) Repo-reverse repo transactions, overdraft transactions, and lending or borrowing securities or commodities	-	-
16	(iv) Netting groups to which cross product netting is applied	-	-
17	Reserved initial margin	-	-
18	Unreserved initial margin	-	-
19	Paid guarantee fund amount	-	-
20	Unpaid guarantee fund commitment	-	-

h. Securitization Disclosures:

None.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

j. Disclosures on Market Risk

1. Qualitative Information which Shall be Disclosed to Public Related to Market Risk

- i. The Bank defines market risk as the potential financial loss which may occur as a result of fluctuations in capital markets. The aforementioned loss can occur due to fluctuations on share prices, interest rates, commodity prices and exchange rate.

The purpose of controlling and observance on market risk is to control and monitor impacts of markets risks on gain and economic value. In a more detail expression, the purpose of market risk control and audit is to protect Bank from unexpected market losses and to establish transparent, objective and consistent market risk information which shall form a basis for decision making process.

Market Risk is managed by Treasury, Capital Markets and Financial Institutions. The Bank limits the market risk which shall be exposed for different risk factors in the framework of risk appetite. The framework of the limit and tracking method is determined with Treasury Risk Parameters document approved by Board of Directors and limits are reviewed at least on an annual basis.

- ii. Management of market risk is under responsibility of Treasury, Capital Markets and Financial Markets, which generate risk at primary level. Second line controls are provided through independent risk management and internal control functions. Treasury Internal Control Department is established under Market Risk Department and Directorate of Internal Control Department which operates independent of risk generating departments/units in the framework of authorizations and frameworks described at the Bank.

Third line of controls are made through audits of treasury processes and market risk management made periodically by Directorate of Supervisory Board. The audits in question reviews compliance of market risk management to BRSA regulations related to market risk and policy and procedures of Group and Bank, monitoring of limit usages and reporting related to limit excesses and market risk.

- iii. The Bank uses Historical Simulation Method as internal method for market risk. one sided 99% confidence level, historical data belonging to working days in past two years and 10 days of holding period are taken into consideration in the calculation. The Bank also calculates stressed value at risk on a daily basis.

Treasury Risk Parameters are monitored by Market Risk Unit during the day and at the end of day and use of limits and related other analysis are reported to ALCO, Risk Committee, Audit Committee, Risk Coordination Committee and Board of Directors.

Early warning levels for limit usage are determined and the way, which shall be applied in case of an early warning or final limit excess, is stated clearly in Treasury Risk Parameters.

Risk parameters include different tfce of limits such as foreign currency position limit, nominal, maturity, foreign exchange breakdowns related to bond portfolio, value at risk limits, limits related to interest rate (DV01), option vega limits and loss limits determined for trading portfolio.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

iv. Market risk under Standardised Approach

	31 December 2022	RAT
	Outright (cash) products	
1	Interest rate risk (general and specific)	253,275
2	Equity risk (general and specific)	192,123
3	Foreign exchange risk	1,618,564
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	434
7	Scenario approach	-
8	Securitisation	-
9	Total	2,064,396

	31 December 2021	RAT
	Outright (cash) products	
1	Interest rate risk (general and specific)	202,686
2	Equity risk (general and specific)	306
3	Foreign exchange risk	78,051
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	783
7	Scenario approach	-
8	Securitisation	-
9	Total	281,826

IV. EXPLANATIONS ON OPERATIONAL RISK:

The amount subject to operational risk is calculated once a year by using the "Basic Indicator Method" in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette dated 28 June 2012 and numbered 28337. The operational risk capital requirement dated 31 December 2022 was calculated using the year 2019, 2020, 2021 revenue.

Annual gross income is calculated through deducting profit/loss sourcing from sales of securities whose accounts are tracked in fair value through other comprehensive income and measured at amortized cost, and extraordinary income, activity expenses made in return for support service and amounts compensated from insurance from total of net amount of interest revenues and non-interest revenues.

	2 Prior Period Value	1 Prior Period Value	Current Period value	Number of Total / Positive RPM years	Rate (%)	Total
Current Period						
Gross Income	805,889	709,520	946,084	820,498	15	123,075
Amount subject to operational risk (Total*12.5)	-	-	-	-	-	1,538,433
Prior Period						
Gross Income	780,176	805,889	709,520	765,195	15	114,779
Amount subject to operational risk (Total*12.5)	-	-	-	-	-	1,434,741

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

V. EXPLANATIONS ON CURRENCY RISK:

The difference between the Bank's foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Another important dimension of the currency risk is the change in the exchange rates of different foreign currencies in Net Foreign Currency Position (cross currency risk).

A series of limits for the tenure of spot and forward foreign exchange positions are set by the Board of Directors annually. The Bank has a short-term conservative foreign currency position management policy.

The Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date:

	EUR		USD	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Currency Buying Rate	TL 19.9349	TL 15.0867	TL 18.6983	TL 13.3290
1st Day's Currency Buying Rate	TL 19.9349	TL 15.0867	TL 18.6983	TL 13.3290
2nd Day's Currency Buying Rate	TL 19.8816	TL 14.6823	TL 18.6966	TL 12.9775
3rd Day's Currency Buying Rate	TL 19.8946	TL 13.8011	TL 18.6964	TL 12.2219
4th Day's Currency Buying Rate	TL 19.9087	TL 13.4000	TL 18.6813	TL 11.8302
5th Day's Currency Buying Rate	TL 19.8324	TL 12.8903	TL 18.6649	TL 11.3900

The simple arithmetic average of the Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are shown below:

	EUR		USD	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Arithmetic average - 30 days	TL 19.7480	TL 15.4228	TL 18.6404	TL 13.6455

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

V. EXPLANATIONS ON CURRENCY RISK (Continued):

Information on currency risk of the Bank:

	EUR	USD	Other FC	Total
31 December 2022				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1,596,354	3,797,835	235,020	5,629,209
Banks	256,838	645,440	98,146	1,000,424
Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾	21,853	317,501	4,102	343,456
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	151,874	110,288	-	262,162
Loans ⁽²⁾	12,642,921	4,036,692	-	16,679,613
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	425,806	1,275,722	-	1,701,528
Hedging Derivative Financial Assets	76,283	731,604	-	807,887
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ⁽³⁾	10,433	26,421	-	36,854
Total Assets	15,182,362	10,941,503	337,268	26,461,133
Liabilities				
Bank Deposits	142,845	33,647	-	176,492
Foreign Currency Deposits	4,404,985	9,472,895	578,080	14,455,960
Funds From Interbank Money Market	-	600,907	-	600,907
Funds Borrowed From Other Financial Institutions	-	5,323,749	-	5,323,749
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	530,943	1,988,667	530	2,520,140
Hedging Derivative Financial Liabilities ⁽⁴⁾	28,116	73,084	-	101,200
Other Liabilities ^{(4) (5)}	65,297	331,258	12,974	409,529
Total Liabilities (*)	5,172,186	17,824,207	591,584	23,587,977
Net On-balance Sheet Position	10,010,176	(6,882,704)	(254,316)	2,873,156
Net Off-balance Sheet Position	(9,803,277)	7,620,318	61,055	(2,121,904)
Financial Derivative Assets	3,137,938	20,397,100	976,010	24,511,048
Financial Derivative Liabilities	12,941,215	12,776,782	914,955	26,632,952
Non-Cash Loans ⁽⁶⁾	1,695,328	3,030,385	75,950	4,801,663
31 December 2021				
Total Assets	13,095,507	8,207,181	152,986	21,455,674
Total Liabilities	8,008,692	18,717,819	732,104	27,458,615
Net On-balance Sheet Position	5,086,815	(10,510,638)	(579,118)	(6,002,941)
Net Off-balance Sheet Position	(4,134,999)	10,342,405	581,154	6,788,560
Financial Derivative Assets	3,530,525	17,260,642	837,068	21,628,235
Financial Derivative Liabilities	7,665,524	6,918,237	255,914	14,839,675
Non-Cash Loans ⁽⁶⁾	1,801,707	3,515,723	64,128	5,381,558

(1) TL 459,476 (31 December 2021: TL 63,867) derivative financial instruments income accruals are not included.

(2) Foreign currency indexed loans amounting to TL 165,571 (31 December 2021: TL 153,438) are included in the table above. TL 1,114,040 (31 December 2021: TL 1,288,035) "Expected Loss Provisions" are not included in the table.

(3) TL 3,358 (31 December 2021: TL 2,150) "Prepaid Expenses" are not included in the table.

(4) TL 238,260 (31 December 2021: TL 56,474) derivative financial instruments expense accruals are not included in the table above.

(5) "Securities Valuation Differences" and "Hedging Funds" amounting to TL 654,441 (31 December 2021: TL 10,270), "Free Reserves" amounting to TL 614,262 (31 December 2021: TL 138,622) and "Provisions for Non-cash Loans First and Second Level Expected Losses" amounting to TL 3,430 (31 December 2021: TL 7,401) are not included in the table among other liabilities.

(6) Non-cash loans are not included in the total of "Net Off-Balance Sheet Position".

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
(Continued):**

V. EXPLANATIONS ON CURRENCY RISK (Continued):

Currency risk sensitivity analysis:

If foreign currency appreciated/depreciated against TL at a ratio of 10% and all other variables remain fixed as of 31 December 2022 and 2021, changes, which shall occur in net profit and equity regardless of tax effect due to exchange rate loss/profit sourcing from foreign currency net monetary position, are as follows.

	31 December 2022				31 December 2021			
	Income statement		Equity (*)		Income statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	143,004	(143,004)	199,220	(199,220)	6,239	(6,239)	8,027	(8,027)
EUR	(8,011)	8,011	(2,801)	2,801	(7,934)	7,934	(8,695)	8,695
Other currency units	13,775	(13,775)	13,775	(13,775)	203	(203)	203	(203)
Total, net	148,768	(148,768)	210,194	(210,194)	(1,492)	1,492	(465)	465

(*) The equity effect also includes the effects of the income statement.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VI. EXPLANATIONS ON INTEREST RATE RISK:

Interest rate risk is the risk that expresses the effects of fluctuations in the market interest rates on the value increase/decrease of the Bank's interest rate sensitive assets and liabilities. The interest sensitivity of risks regarding the interest rate both on the on-balance sheet and off-balance sheet are monitored following several analyses and are discussed in Asset and Liability Committee weekly.

The Bank closely monitors the maturity gap between liabilities and assets that may arise in the balance sheet to manage the interest rate risk better. Additionally, interest rate swaps and cross currency swaps that are followed under banking accounts and aim to hedge risks are conducted by the Treasury, Capital Markets and Financial Institutions Group. Liquidity management is critical in the combination of investments, securities which fair value difference reflected in other comprehensive income and the trading portfolio. Through using these precautions, the possible loss effects on the shareholders' equity due to both credit risk and interest risk during the volatile periods of the market are minimized.

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates (As for the remaining time to repricing):

31 December 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets ⁽¹⁾							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1,133,913	-	-	-	-	5,714,845	6,848,758
Due From Banks	760,486	-	-	-	-	415,358	1,175,844
Financial Assets at Fair Value Through Profit/Loss ⁽²⁾	1,284,753	1,026,338	485,371	107,911	129,960	96,065	3,130,398
Interbank Money Market Placements	1,449,254	310,048	49,954	-	-	-	1,809,256
Financial Assets at Fair Value Through Other Comprehensive Income	59,213	929,794	161,091	163,061	283,070	7,674	1,603,903
Loans ⁽³⁾	16,473,305	6,834,608	6,651,794	2,227,917	1,375,221	1,173,084	34,735,929
Financial Assets Measured at Amortized Cost ⁽⁴⁾	104,501	2,113,477	578,665	1,366,328	1,217,692	-	5,380,663
Other Assets ⁽⁵⁾	-	-	-	-	-	3,121,935	3,121,935
Total Assets	21,265,425	11,214,265	7,926,875	3,865,217	3,005,943	10,528,961	57,806,686
Liabilities							
Bank Deposits	139,592	-	-	-	-	37,211	176,803
Other Deposits	24,384,354	10,232,437	864,553	26,323	-	4,363,450	39,871,117
Funds From Interbank Money Market	732,983	-	-	599,312	-	-	1,332,295
Miscellaneous Payables ⁽⁶⁾	-	-	-	-	-	3,246,885	3,246,885
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	447,205	3,308,064	648,781	-	-	934,915	5,338,965
Other Liabilities ^{(6) (7)}	203,941	168,246	158,276	511,644	265	6,798,249	7,840,621
Total Liabilities	25,908,078	13,708,747	1,671,610	1,137,279	265	15,380,707	57,806,686
Balance Sheet Long Position	-	-	6,255,265	2,727,938	3,005,678	-	11,988,881
Balance Sheet Short Position	(4,642,653)	(2,494,482)	-	-	-	(4,851,746)	(11,988,881)
Off-balance Sheet Long Position	-	-	531,479	1,772,945	134,665	-	2,439,089
Off-balance Sheet Short Position	(374,159)	(1,244,362)	-	-	-	-	(1,618,521)
Total Position	(5,016,812)	(3,738,844)	6,786,744	4,500,883	3,140,343	(4,851,746)	820,568

⁽¹⁾ Assets are shown with their net values in their related period by deducting allowances for expected credit losses.

⁽²⁾ Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 2,527,026 classified to a related re-pricing periods.

⁽³⁾ Loans includes TL 2,045,979 Expected Loss Provisions.

⁽⁴⁾ Financial Assets Measured at Amortized Cost item includes expected loss provisions of TL 43.

⁽⁵⁾ Other Assets item consists of TL 855,289 Fixed Assets Held for Sale and Discontinued Operations, TL 1,096,358 Partnership Investments, TL 207,119 Tangible Assets, TL 81,502 Intangible Assets, TL 164,843 Deferred Tax Assets, TL 716,824 Other Assets.

⁽⁶⁾ Derivative financial liabilities of Other Liabilities amounting to TL 961,124 are shown in the relevant repricing periods. Other Liabilities and Miscellaneous Payables item consists of TL 961,124 Derivative Financial Liabilities, TL 81,251 Liabilities from Lease Transactions, TL 892,708 Provisions, TL 463,055 Current Tax Liabilities, TL 3,595,418 Other Liabilities and TL 5,093,950 Equity.

⁽⁷⁾ Shareholders' Equity is presented in the Non-Interest Bearing column.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VI. EXPLANATIONS ON INTEREST RATE RISK (Continued):

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates (As for the remaining time to repricing) (Continued):

31 December 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets ⁽¹⁾							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	350,642	-	-	-	-	6,041,209	6,391,851
Due From Banks	236,692	-	-	-	-	316,742	553,434
Financial Assets at Fair Value Through Profit/Loss ⁽²⁾	996,222	1,279,815	654,396	112,320	48,631	15,599	3,106,983
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	20,521	-	-	510,352	128,632	7,674	667,179
Loans ⁽³⁾	14,698,826	938,338	3,291,647	2,151,066	1,636,227	1,192,332	23,908,436
Financial Assets Measured at Amortized Cost ⁽⁴⁾	-	-	307,573	582,010	133,872	-	1,023,455
Other Assets ⁽⁵⁾	-	-	-	-	-	2,363,302	2,363,302
Total Assets	16,302,903	2,218,153	4,253,616	3,355,748	1,947,362	9,936,858	38,014,640
Liabilities							
Bank Deposits	468,243	5,649	-	-	-	23,981	497,873
Other Deposits	15,054,641	4,703,545	730,629	32,781	-	3,615,194	24,136,790
Funds From Interbank Money Market	2,035	-	209,873	-	-	-	211,908
Miscellaneous Payables	-	-	-	-	-	1,964,454	1,964,454
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	724,445	3,971,933	1,770,319	514	-	666,450	7,133,661
Other Liabilities ^{(6) (7)}	540,341	280,286	100,879	181,805	358	2,966,285	4,069,954
Total Liabilities	16,789,705	8,961,413	2,811,700	215,100	358	9,236,364	38,014,640
Balance Sheet Long Position	-	-	1,441,916	3,140,648	1,947,004	700,494	7,230,062
Balance Sheet Short Position	(486,802)	(6,743,260)	-	-	-	-	(7,230,062)
Off-balance Sheet Long Position	2,866,145	2,970,070	1,424,438	-	-	-	7,260,653
Off-balance Sheet Short Position	-	-	-	(5,454,272)	(93,303)	-	(5,547,575)
Total Position	2,379,343	(3,773,190)	2,866,354	(2,313,624)	1,853,701	700,494	1,713,078

⁽¹⁾ Assets are shown with their net values in their related period by deducting allowances for expected credit losses.

⁽²⁾ Derivative financial assets of the Financial Assets at Fair Value through Profit or Loss item amounting to TL 2,972,059 is shown in the relevant repricing periods.

⁽³⁾ Loans includes TL 2,079,607 Expected Loss Provisions.

⁽⁴⁾ Financial Assets Measured at Amortized Cost item includes expected loss provisions of TL 13.

⁽⁵⁾ Other Assets item consists of TL 1,039,002 Fixed Assets Held for Sale and Discontinued Operations, TL 669,736 Partnership Investments, TL 148,917 Tangible Assets, TL 51,007 Intangible Assets, TL 2,289 Current Tax Assets, TL 24,389 Deferred Tax Assets, TL 427,422 Other Assets

⁽⁶⁾ Derivative financial liabilities of Other Liabilities amounting to TL 1,029,459 are shown in the relevant repricing periods.

⁽⁷⁾ Shareholders' Equity is presented in the Non-Interest Bearing column.

Interest rate sensitivity analysis:

Change in interest rate 31 December 2022	Profit / Loss Effect	Effect on funds under equity
(+) 1%	(5,274)	(30,355)
(-) 1%	5,100	32,608

Change in interest rate 31 December 2021	Profit / Loss Effect	Effect on funds under equity
(+) 1%	(12,269)	(130,387)
(-) 1%	12,455	145,142

In the table above, the effects of (+) % 1 and (-) % 1 changes in interest rates on period profit/loss and the "capital reserves" item under equity are shown by excluding tax effects.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
(Continued):**

VI. EXPLANATIONS ON INTEREST RATE RISK (Continued):

b. Average interest rates for monetary financial instruments:

Average interest rates in the tables below are calculated by weighting simple interest rates with principal amounts.

31 December 2022	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Due From Banks	1.86	4.04	-	9.69
Financial Assets at Fair Value Through Profit/Loss	3.68	4.71	-	13.93
Interbank Money Market Placements	-	-	-	12.37
Financial Assets at Fair Value Through Other Comprehensive Income	4.76	7.64	-	27.60
Loans	6.45	8.87	-	16.91
Financial Assets Measured at Amortized Cost	3.88	8.56	-	43.46
Liabilities				
Bank Deposits	3.42	-	-	-
Other Deposits (*)	1.25	1.99	-	19.13
Funds From Interbank Money Market	-	4.42	-	7.65
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	6.03	-	19.74

(*) Demand deposits are included in the calculation of the weighted average interest rates.

31 December 2021	Euro	ABD Doları	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	8.50
Due From Banks	-	0.05	-	13.24
Financial Assets at Fair Value Through Profit/Loss	3.63	1.47	-	11.67
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4.13	6.02	-	17.02
Loans	5.00	4.91	-	23.69
Financial Assets Measured at Amortized Cost	3.43	6.71	-	-
Liabilities				
Bank Deposits	-	0.10	-	15.79
Other Deposits (*)	0.60	1.12	-	15.49
Funds From Interbank Money Market	-	1.13	-	11.48
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1.00	2.50	-	16.10

(*) Demand deposits are included in the calculation of the weighted average interest rates.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
(Continued):**

VI. EXPLANATIONS ON INTEREST RATE RISK (Continued):

c. Interest rate risk resulting from banking accounts:

1. The measurement frequency of the interest rate risk with important estimations including those relating to the quality of the interest rate resulting from banking accounts, advance loan repayment and movements of deposits other than time deposits is explained by the following:

Interest rate risk resulting from the banking accounts is measured according to the month-end balance in accordance with "Regulation No. 28034 on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method", dated 23 August 2011.

Interest sensitive items are taken into consideration in accordance with the re-pricing period and depending on the estimated cash flows. Demand deposits are taken into account based on the core deposit calculations. The change calculated by implementing interest rate shocks on the differences created in accordance with the re-pricing periods of the assets and liabilities in the banking accounts is proportioned to the equities.

2. The table below presents the economic value differences of the Bank resulting from fluctuations in interest rates in accordance with the "Regulation on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method" under sections divided into different currencies.

	Applied Shock (+/- x basis point)	Earnings/ Losses	Earnings/ Equities-Losses/ Equities
1. TL	+500 bp	(43,707)	(0.5%)
2. TL	-400 bp	60,083	0.7%
3. EUR	+200 bp	1,363	0.0%
4. EUR	-200 bp	(2,897)	0.0%
5. USD	+200 bp	(39,063)	(0.5%)
6. USD	-200 bp	42,883	0.5%
Total (For Negative Shocks)		100,069	1.2%
Total (For Positive Shocks)		(81,407)	(1.0%)

VII. EXPLANATIONS ON SHARE CERTIFICATE POSITION RISK:

None.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO:

Liquidity risk is the risk generated as a result of not having an effect or cash inflow at a level which can meet cash outflow, formed because of an imbalance in cash flow, timely and completely.

Effective liquidity risk management requires assigning appropriate staff for measurement and monitoring and timely informing management of the Bank. Board of Directors and senior management is responsible to understand the nature and level of the liquidity risk taken by the Bank and the instruments measuring these risks. Additionally, Board of Directors and Senior Management are responsible for the compliance of funding strategies to risk tolerance which is determined to be applied.

Liquidity risk management framework of the Bank is determined with "Burgan Bank Risk Management Policy" and "Burgan Bank Liquidity Risk Policy" documents approved by Bank's Board of Directors and "Burgan Bank Risk Management Policy" and "Burgan Bank Treasury Policy" and "Burgan Bank Assets & Liabilities Management Committee (ALCO)" in scope of banking legislation.

Liquidity management is primarily under the responsibility of ALCO in accordance with the Liquidity Risk Management of the Bank. Treasury, Capital Markets and Financial Corporations Group are responsible to perform required actions in accordance with the liquidity standards determined in accordance with the Liquidity Risk Policy. Market Risk Departments is secondarily responsible and it is responsible to control and report compliance with the limits. Periodic and specific reports on liquidity risk, stress tests, scenario analyses, risk limits compliance reports and detailed information on legal liquidity reports (frequency of reports and the bodies they are submitted to) are included in the Bank's Liquidity Risk Policy.

Liquidity risk exposed by the Bank, risk appetite, liquidity risk reduction appropriate to liquidity and funding policies (diversification of funding sources and maturities, derivative transactions), establishment of effective control environment, risk limits, early warning and triggering market indicators are managed through monitoring closely.

The liquidity risk is removed by short term placements, liquid marketable assets wallet and strong equity structure in the management of liquidity risk. Board of Directors of Bank can perform limit reduction regardless of credit value in current placement limits when the volatility in markets increases. Management of the Bank and ALCO monitors possible marginal costs of payments and spurts as a result of studies made in scope of scenario analysis while tracking interest margin in diversified maturity segments between assets and liabilities. Borrowing limits which can be used in short-term for spurts from Central Bank, BIST Repo Market, Takasbank Money Market and banks are applied at a minimum level. The Bank does not need to use these sources because of its current liquidity position but it uses the aforementioned limits for short-term transaction opportunities. Assets, liabilities and positions on the basis of main tices of currencies (currencies forming at least 5% of Bank's total liabilities) are managed under the control of Treasury and Capital Markets.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):

Although the Bank is responsible to comply with liquidity limitations which are determined in Liquidity Risk Policy, it is primarily obliged with minimum liquidity limits determined by the legal legislation. There should be no excess in liquidity limits in accordance with the Bank's policy. Acceptation of current risk level, reduction or termination of activities causing to risk are evaluated for the risk which are not reduced. The actions, which shall be taken if there is an excess in the legal and internal limits, are detailed in Liquidity Risk Policy of the Bank. Overflow which is formed in liquidity ratios tracked according to legal limitations is eliminated in the period which is also determined by legal legislation.

Triggering market indicators are indicators which are tracked as early warning signals before the transition to stress environment which can form in the market as a result of ordinary business condition. Early warning limits related to liquidity risk in Bank are determined and aforementioned limits are monitored closely with the triggering market indicators.

Market Risk Department reports results of scenarios related to liquidity risk to Board of Directors, Risk Coordination Committee, Risk Committee and ALCO through making monthly calculations based on stress scenarios. These stress tests identify negative market conditions and potential fund outflows which occur in funding resources in a liquidity crisis. The purpose of stress test is to inform related committees and Board of Directors regarding liquidity outflows and derogation which can occur in the liquidity ratios of the Bank. Required actions are taken by ALCO if there are similar situations mentioned in stress scenarios. Market Risk Unit conducts stress tests more frequently during periods of high volatility and shares the results with the relevant management.

An ALCO meeting is held with a call made by Treasury, Capital Markets and Deputy General Manager of Financial Corporations if there is a negative development sourcing from the group or liquidity and precautions which shall be taken in this process are determined in scope of Liquidity Emergency Plan. Details related to Liquidity Emergency Plan are included in Liquidity Risk Policy of the Bank.

The Bank does not serve a function as a central funding institution in its relationship with its partnerships. Intra-group liquidity management and funding strategies are limited to related legal limitations.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
(Continued):**

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):

Liquidity Coverage Ratio:

31 December 2022		Total Value with Disregard Ratio Applied (*)		Consideration Rate Applied Total Value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets			12,336,522	7,545,228
CASH OUTFLOWS					
2	Retail and small business customers deposits	28,762,456	15,987,160	2,774,622	1,598,716
3	Stable deposits	2,032,473	-	101,624	-
4	Less stable deposits	26,729,983	15,987,160	2,672,998	1,598,716
5	Unsecured funding other than retail and small business customers deposits	10,024,681	6,670,724	5,389,610	3,392,212
6	Operational deposits	3,340,012	2,408,999	835,003	602,250
7	Non-operational deposits	5,017,053	3,374,191	2,886,991	1,902,428
8	Other unsecured funding	1,667,616	887,534	1,667,616	887,534
9	Secured funding	-	-	-	-
10	Other cash outflows	1,841,022	1,841,587	1,841,022	1,841,587
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1,841,022	1,841,587	1,841,022	1,841,587
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	9,382,119	4,805,207	1,557,050	839,855
16	TOTAL CASH OUTFLOWS			11,562,304	7,672,370
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	6,263,257	1,899,348	4,834,470	1,671,381
19	Other cash inflows	27,778	1,451,465	27,778	1,451,465
20	TOTAL CASH INFLOWS	6,291,035	3,350,813	4,862,248	3,122,846
				Upper Limit Applied Values	
21	TOTAL HIGH QUALITY LIQUID ASSETS INVENTORY			12,336,522	7,545,228
22	TOTAL NET CASH OUTFLOWS			6,700,056	4,549,524
23	LIQUIDITY COVERAGE RATIO (%)			184.13	165.85

(*) The arithmetic average of the last three months weekly Liquidity Coverage Ratio's are used.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
(Continued):**

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):

		Total Value with Disregard Ratio Applied (*)		Consideration Rate Applied Total Value (*)	
31 December 2021		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets			6,942,065	5,961,887
CASH OUTFLOWS					
2	Retail and small business customers deposits	14,166,110	9,188,210	1,354,580	918,821
3	Stable deposits	1,240,620	-	62,031	-
4	Less stable deposits	12,925,490	9,188,210	1,292,549	918,821
5	Unsecured funding other than retail and small business customers deposits	5,749,751	4,815,581	2,439,312	1,915,431
6	Operational deposits	2,421,644	2,238,400	605,411	559,600
7	Non-operational deposits	2,932,755	2,429,779	1,438,549	1,208,429
8	Other unsecured funding	395,352	147,402	395,352	147,402
9	Secured funding	-	-	-	-
10	Other cash outflows	825,801	800,828	825,801	800,828
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	825,801	800,828	825,801	800,828
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	6,111,430	4,683,503	927,723	713,525
16	TOTAL CASH OUTFLOWS			5,547,416	4,348,605
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	4,032,228	1,607,661	2,741,397	1,100,184
19	Other cash inflows	45,581	786,199	45,581	786,199
20	TOTAL CASH INFLOWS	4,077,809	2,393,860	2,786,978	1,886,383
				Upper Limit Applied Values	
21	TOTAL HIGH QUALITY LIQUID ASSETS INVENTORY			6,942,065	5,961,887
22	TOTAL NET CASH OUTFLOWS			2,760,438	2,462,222
23	LIQUIDITY COVERAGE RATIO (%)			251.48	242.13

(*) The arithmetic average of the last three months weekly Liquidity Coverage Ratio's are used.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
(Continued):**

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):

Liquidity coverage rate is calculated through estimating high quality liquid assets owned by the Bank to net cash out flows based on 30 days of maturity. Balance items which are determinant on the ratio are sorted as required reserves kept in Central Bank of Turkey, securities which are not subject to repo/guarantee, deposit having a corporate transaction, banks deposits, foreign sourced funds and receivables from banks. The impacts of aforementioned items on liquidity coverage ratio are higher than other items since they have a higher share in liquid assets and net cash out flows and they can change in time.

High quality liquid assets of the Bank consist of accounts in Central Bank of Turkey, at a ratio of 50% and securities issued by Undersecretariat of Treasury at a ratio of 46%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 23%, 42% and 9% respectively.

Fluctuations in foreign currency derivative transaction volumes, mainly in foreign currency swaps, can have an impact on foreign currency liquidity coverage rate although derivative transactions generate a lower level of net cash flow with respect to liquidity coverage rate.

Absolute value of net warrant flows realized as of 30 days periods for each transaction and liability are calculated provided that changes in fair values of derivative transactions and other liabilities can form a margin liability in accordance with "Regulation on Calculation of Liquidity Coverage Ratio of Banks" entered into force through publishing in Official Gazette dated 21 March 2014 and numbered 28948. The biggest absolute value, which is calculated in the last 24 months, is taken into consideration as cash outflow. Calculations for derivative transactions and other liabilities, having a flow history shorter than 24 months, are performed from the date in which the transaction is triggered. Information related to the aforementioned cash outflow occurred on 31 December 2022 is given below:

Date	FC	FC+TL
31 December 2022	1,819,628	1,819,628

Liquidity coverage rates are calculated weekly for unconsolidated basis and monthly for consolidated basis as of 31 December 2015 in accordance with the "Regulation on Calculation of Liquidity Coverage Ratio of Banks" published in Official Gazette dated 21 March 2014 and numbered 28948. Liquidity coverage rates must be at least 80% for foreign currency assets and liabilities and at least 100% in total assets and liabilities for the period 31 December 2022. Dates and values of lowest and highest foreign currency and total unconsolidated liquidity coverage rates calculated weekly related to the last quarter and average rates are explained in the table below:

Current Period	Maximum (%)		Minimum (%)	
	FC	FC+TL	FC	FC+TL
Weekly Arithmetic Average (%)	264.02	302.45	107.82	136.13
Week	2.11.2022	28.12.2022	28.12.2022	23.11.2022

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):

Breakdown of assets and liabilities according to their outstanding maturities:

31 December 2022	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated ⁽⁶⁾	Total
Assets ⁽¹⁾								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	2,597,978	4,250,780	-	-	-	-	-	6,848,758
Banks	339,286	760,486	-	-	-	-	76,072	1,175,844
Financial Assets at Fair Value Through Profit or Loss ⁽²⁾	-	391,857	180,768	343,439	1,445,491	672,777	96,066	3,130,398
Interbank Money Market Placements	-	1,449,254	310,048	49,954	-	-	-	1,809,256
Financial Assets at Fair Value Through Other Comprehensive Income	-	4,315	111,745	579,025	292,787	608,357	7,674	1,603,903
Loans ⁽³⁾	-	8,544,320	8,436,439	6,721,863	6,869,943	2,990,280	1,173,084	34,735,929
Financial Assets Measured at Amortized Cost ⁽⁴⁾	-	11,561	273,649	116,389	1,914,901	3,064,163	-	5,380,663
Other Assets ^{(5) (6)}	-	245,458	-	72,587	164,842	-	2,639,048	3,121,935
Total Assets	2,937,264	15,658,031	9,312,649	7,883,257	10,687,964	7,335,577	3,991,944	57,806,686
Liabilities								
Bank Deposits	37,211	139,592	-	-	-	-	-	176,803
Other Deposits	4,363,450	24,384,354	10,232,437	864,553	26,323	-	-	39,871,117
Funds Borrowed From Other Financial Institutions	-	447,205	471,620	648,781	934,915	2,836,444	-	5,338,965
Funds From Interbank Money Market	-	732,983	-	-	599,312	-	-	1,332,295
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables ⁽⁷⁾	-	49,199	-	-	-	-	3,197,686	3,246,885
Other Liabilities ^{(7) (8)}	-	387,612	112,135	79,507	1,108,945	265	6,152,157	7,840,621
Total Liabilities	4,400,661	26,140,945	10,816,192	1,592,841	2,669,495	2,836,709	9,349,843	57,806,686
Liquidity Gap	(1,463,397)	(10,482,914)	(1,503,543)	6,290,416	8,018,469	4,498,868	(5,357,899)	-
Net Off-balance sheet Position	-	23,240	(17,176)	354,548	1,078,719	345,709	-	1,785,040
Financial Derivative Assets	-	11,284,159	9,327,727	2,770,074	7,477,411	2,489,308	-	33,348,679
Financial Derivative Liabilities	-	(11,260,919)	(9,344,903)	(2,415,526)	(6,398,692)	(2,143,599)	-	(31,563,639)
Non-cash Loans	-	7,565,675	614,230	1,624,567	301,857	2,456	-	10,108,785
31 December 2021								
Total Assets	2,662,412	10,405,294	5,595,591	4,473,083	7,385,652	3,991,816	3,500,792	38,014,640
Total Liabilities	3,639,175	16,599,880	6,256,399	3,125,477	346,416	3,347,572	4,699,721	38,014,640
Liquidity Gap	(976,763)	(6,194,586)	(660,808)	1,347,606	7,039,236	644,244	(1,198,929)	-
Net Off-balance sheet Position	-	(229,828)	(248,225)	411,462	468,152	2,456	-	404,017
Financial Derivative Assets	-	12,443,622	4,811,423	1,506,966	5,007,882	6,919	-	23,776,812
Financial Derivative Liabilities	-	(12,673,450)	(5,059,648)	(1,095,504)	(4,539,730)	(4,463)	-	(23,372,795)
Non-cash Loans	-	4,143,098	1,199,728	1,215,942	478,284	9,498	-	7,046,550

⁽¹⁾ Assets are shown with their net values in their related period by deducting allowances for expected credit losses.

⁽²⁾ Derivative financial assets of the Financial Assets at Fair Value Through Profit or Loss item amounting to TL 2,527,026 are shown in the relevant maturity periods.

⁽³⁾ Loans includes TL 2,045,979 Expected Loss Provisions.

⁽⁴⁾ Financial Assets Measured at Amortized Cost item includes expected loss provisions of TL 43.

⁽⁵⁾ Other Assets item consists of TL 855,289 Fixed Assets Held for Sale and Discontinued Operations, TL 1,096,358 Partnership Investments, TL 207,119 Tangible Assets, TL 81,502 Intangible Assets, TL 164,843 Deferred Tax Assets, TL 716,824 Other Assets.

⁽⁶⁾ Among the asset accounts that consisting the balance sheet, accounts such as fixed assets, associates and subsidiaries and goods are shown in the "Unallocated" column in "Other Assets".

⁽⁷⁾ Derivative financial liabilities of the Other Liabilities item amounting to TL 961,124 are shown in the relevant maturity periods. Other Liabilities and Miscellaneous Payables item consists of TL 961,124 Derivative Financial Liabilities, TL 81,251 Liabilities from Lease Transactions, TL 892,708 Provisions, TL 463,055 Current Tax Liabilities, TL 3,595,418 Other Liabilities and TL 5,093,950 Equity.

⁽⁸⁾ Shareholders' equity is presented under the "Other liabilities" item in the "Unallocated" column.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):

Breakdown of financial liabilities according to their remaining contractual maturities:

31 December 2022	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Banks deposit	177,209	-	-	-	-	177,209
Other deposits	28,872,439	10,442,016	934,809	32,727	-	40,281,991
Funds from other financial institutions	504,735	540,452	860,222	1,838,133	3,633,201	7,376,743
Payables to money markets	732,983	-	-	607,021	-	1,340,004
Total	30,287,366	10,982,468	1,795,031	2,477,881	3,633,201	49,175,947

31 December 2021	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Banks deposit	492,315	5,792	-	-	-	498,107
Other deposits	18,690,999	4,746,182	765,151	40,625	-	24,242,957
Funds from other financial institutions	392,980	1,326,388	2,215,724	1,291,471	3,438,651	8,665,214
Payables to money markets	1,296	-	211,278	-	-	212,574
Total	19,577,590	6,078,362	3,192,153	1,332,096	3,438,651	33,618,852

Derivative instruments of bank, counter-based maturity analysis:

31 December 2022	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivative instruments held for trading						
Exchange rate derivatives:						
- Entry	11,209,627	9,249,992	1,091,351	2,701,352	-	24,252,322
- Out	11,201,152	9,250,941	1,191,443	2,701,353	-	24,344,889
Interest rate derivatives:						
- Entry	6,460	14,705	66,682	119,667	-	207,514
- Out	8,661	11,757	68,670	105,325	-	194,413
Derivative instruments for hedging purposes						
Exchange rate derivatives:						
- Entry	47,568	31,613	1,333,098	3,644,213	2,421,591	7,478,083
- Out	23,738	26,206	884,314	2,843,729	2,094,951	5,872,938
Interest rate derivatives:						
- Entry	20,504	31,417	278,943	1,012,179	67,717	1,410,760
- Out	27,368	55,999	271,099	748,285	48,648	1,151,399
Total cash inflow	11,284,159	9,327,727	2,770,074	7,477,411	2,489,308	33,348,679
Total cash outflow	11,260,919	9,344,903	2,415,526	6,398,692	2,143,599	31,563,639

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):

Derivative instruments of bank, counter-based maturity analysis (Continued):

31 December 2021	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivative instruments held for trading						
Exchange rate derivatives:						
- Entry	12,274,791	4,458,768	734,662	2,032,518	-	19,500,739
- Out	12,570,397	4,881,953	748,830	2,032,518	-	20,233,698
Interest rate derivatives:						
- Entry	5,465	9,155	37,083	127,806	6,919	186,428
- Out	4,269	8,446	36,361	113,051	4,463	166,590
Derivative instruments for hedging purposes						
Exchange rate derivatives:						
- Entry	146,907	334,090	629,698	2,390,837	-	3,501,532
- Out	79,211	154,749	219,299	2,072,477	-	2,525,736
Interest rate derivatives:						
- Entry	16,459	9,410	105,523	456,721	-	588,113
- Out	19,573	14,500	91,014	321,684	-	446,771
Total cash inflow	12,443,622	4,811,423	1,506,966	5,007,882	6,919	23,776,812
Total cash outflow	12,673,450	5,059,648	1,095,504	4,539,730	4,463	23,372,795

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

IX. EXPLANATIONS ON LEVERAGE RATIO:

Information on subjects that causes difference in leverage ratio between current and prior periods:

As of 31 December 2022, leverage ratio of the Bank calculated from the arithmetic average of the three months is 7.39% (31 December 2021: 6.55%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in balance sheet and off-balance sheet assets.

Disclosure of leverage ratio template:

	31 December 2022 (*)	31 December 2021 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	56,136,587	33,899,205
(Assets deducted from Core capital)	72,455	55,102
Total risk amount of balance sheet assets	56,064,132	33,844,103
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	1,222,490	1,465,072
Potential credit risk amount of derivative financial assets and credit derivatives	357,646	209,183
Total risk amount of derivative financial assets and credit derivatives	1,580,136	1,674,255
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions	12,440,463	8,027,351
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	12,440,463	8,027,351
Capital and total risk		
Core capital	5,173,452	2,803,965
Total risk amount	70,084,731	43,545,709
Leverage ratio		
Leverage ratio	7.39%	6.55%

(*) The arithmetic average of the last 3 months in the related periods.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
(Continued):**

X. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 31 December 2022, The Bank applies cash flow hedge accounting using interest swaps to hedge its FC deposits with an average maturity up to 3 months against interest rate fluctuations. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TFRS 9, in financial statements under equity "Hedging Funds", whereas the amount concerning ineffective parts is associated with the statement of profit or loss.

As of the balance sheet date derivative financial assets of which carrying amount is TL 2,040,339 (31 December 2021: TL 1,443,344) and derivative financial payables of which carrying amount is TL 405,590 (31 December 2021: TL 186,864), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value income amounting to TL 535,127 (31 December 2021: TL 195,760 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2021: None).

Hedging Instrument	Hedging Subject	Exposed Risk	Hedging Instruments Fair Value		Hedging Funds (*)	Ineffective Part Accounted in the Statement of Profit or Loss(Net)
			Assets	Liabilities		
Cross Currency Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	1,685,892	250,323	522,942	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	366,455	137,125	217,798	-

(*) Includes TAS 27 impacts and describes after tax amounts.

When hedge accounting of cash flow hedges cannot be maintained effectively as defined in TAS 39, the accounting application is ended. In case of deterioration of efficiency, the effective amounts, which are recognized under the equity due to the risk hedge accounting, are eliminated from equities in the periods or periods, when cash flow effects profit and losses (periods, when interest income or expenses are recognized) as re-classification adjustment and then it is re-classified in the profit and loss. There is no amount, which is transferred to income statement due to the swaps, of which effectiveness is damaged or closed in the current period (31 December 2021: None).

The measurements conducted as of 31 December 2022 show that the cash flow hedging transactions shown above are effective.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
(Continued):**

XI. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

a. Financial assets and liabilities at their fair values:

Financial assets measured at amortized cost, market prices or in cases where this price is indetermined, are determined based on the quoted market prices for other securities subject to the same qualifying redemption in terms of interest, maturity and other similar conditions.

The estimated fair value of the demand placements and deposits represents the amount to be paid upon request. The estimated fair value of the fixed rate deposit is calculated by determining the cash flow discounted using the current bank interest rates as of the balance sheet date.

Calculating the discounted cash flows using the Bank's current interest rates for fixed interest loans. For the loans with floating interest rates, it is assumed that the book value reflects the fair value. The expected fair value of bank placements, money market placements and bank deposits are determined by calculating the discounted cash flows using the current market interest rates of similar assets and liabilities. The book value represents the sum of the acquisition cost and accumulated interest accruals of the related assets and liabilities.

The following table summarises the book values and fair values of some financial assets and liabilities of the Bank.

	Book Value		Fair Value	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial Assets	44,705,709	26,152,573	42,050,122	26,391,850
Receivables from Money Markets	1,809,256	-	1,802,907	-
Banks (*)	1,175,915	553,490	1,175,909	553,453
Financial Assets at Fair Value Through Other Comprehensive Income	1,603,903	667,179	1,603,903	667,179
Other Financial Assets Measured at Amortized Cost	5,380,706	1,023,468	5,800,031	985,095
Loans	34,735,929	23,908,436	31,667,372	24,186,123
Financial Liabilities	48,633,770	33,732,777	48,579,575	33,662,718
Bank Deposits	176,803	497,873	177,623	497,778
Other Deposits	39,871,117	24,136,790	39,834,956	24,058,053
Borrowings	5,338,965	7,133,661	5,320,111	7,142,434
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	3,246,885	1,964,453	3,246,885	1,964,453

(*) Includes CBRT time deposit accounts.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

XI. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):

b. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- Quoted market prices (non-adjusted) for identical assets or liabilities. (1st level);
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities other than quoted prices in the 1st level (2nd level);
- Data not based on observable data regarding assets or liabilities (3rd level).

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

31 December 2022	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	603,372	486,687	-	1,090,059
Government Debt Securities	400,919	-	-	400,919
Share Certificates	-	-	-	-
Derivative financial assets at fair value through profit or loss	-	486,687	-	486,687
Other Securities	202,453	-	-	202,453
Financial Assets at Fair Value Through other comprehensive income (*)	1,596,229	7,674	-	1,603,903
Share Certificates	-	7,674	-	7,674
Government Debt Securities	1,596,229	-	-	1,596,229
Other Securities	-	-	-	-
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	2,040,339	-	2,040,339
Total Assets	2,199,601	2,534,700	-	4,734,301
Derivative Financial Liabilities at Fair Value Through Profit or Loss	-	555,534	-	555,534
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	405,590	-	405,590
Total Liabilities	-	961,124	-	961,124

(*) As noted in the Section Three footnote VII-d, since the securities representing the share in the capital, which are classified as financial assets at fair value through other comprehensive income, are not traded in organized markets and their fair value cannot be determined reliably, they are reflected in the financial statements at cost after deducting the provision for impairment. There are no transfer between 1st and 2nd levels in the current period.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

XI. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):

b. Fair value hierarchy (Continued):

31 December 2021	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	134,924	1,528,715	-	1,663,639
Government Debt Securities	2,318	-	-	2,318
Share Certificates	-	-	-	-
Derivative financial assets at fair value through profit or loss	-	1,528,715	-	1,528,715
Other Securities	132,606	-	-	132,606
Financial Assets at Fair Value Through other comprehensive income (*)	659,505	7,674	-	667,179
Share Certificates	-	7,674	-	7,674
Government Debt Securities	659,505	-	-	659,505
Other Securities	-	-	-	-
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	1,443,344	-	1,443,344
Total Assets	794,429	2,979,733	-	3,774,162
Derivative Financial Liabilities at Fair Value Through Profit or Loss	-	842,595	-	842,595
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	186,864	-	186,864
Total Liabilities	-	1,029,459	-	1,029,459

(*) As noted in the Section Three footnote VII-d, since the securities representing the share in the capital, which are classified as financial assets at fair value through other comprehensive income, are not traded in organized markets and their fair value cannot be determined reliably, they are reflected in the financial statements at cost after deducting the provision for impairment. There are no transfer between 1st and 2nd levels in the current period.

XII. EXPLANATION ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PARTIES:

The Bank carries out marketable security trading and custody services on behalf of customers and on their account. The details of items held in custody is given in Off-Balance Sheet Commitments.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

XIII. EXPLANATIONS ON OPERATING SEGMENTS:

The Bank manages its banking operations through three main business units; retail banking, corporate and commercial banking and treasury.

Retail banking provides products and services to individual and private customers. Products and services include primarily deposit, loan, automatic payment services, internet banking and other various banking services.

Corporate and commercial banking provides loan, deposit, cash management products, foreign trade financing, non-cash loans, foreign currency transaction services and other corporate banking services to corporate clients.

Treasury transactions include fixed income security investments, fund management, foreign currency transactions, money market transactions, derivative transactions and other related services.

Stated balance sheet and income statement items based on operating segments

Prior period information is presented for balance sheet and income/expense items as of 31 December 2022.

31 December 2022	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Banks
Net Interest Income	370,175	1,244,289	(22,984)	-	1,591,480
Net Fees and Comissions	1,655	309,329	-	-	310,984
Trading Profit/Loss	55,082	16,975	261,751	-	333,808
Other Operating Income	1,139	212,809	-	-	213,948
Operating Income	428,051	1,783,402	238,767	-	2,450,220
Operating and Provision Costs (-)	239,005	471,682	89,586	313,289	1,113,562
Net Operating Income	189,046	1,311,720	149,181	(313,289)	1,336,658
Dividend Income	-	-	-	24	24
Income/Loss from subsidiaries based on equity method	-	-	-	314,504	314,504
Profit Before Tax	189,046	1,311,720	149,181	1,239	1,651,186
Tax Provisions (-)	47,261	442,079	37,295	(77,173)	449,462
Net Profit/Loss	141,785	869,641	111,886	78,412	1,201,724
Segment Assets	5,519,142	34,465,184	14,700,425	-	54,684,751
Investments in associates, subsidiaries and joint ventures	-	-	-	1,096,358	1,096,358
Unallocated Assets	-	-	-	2,025,577	2,025,577
Total Assets	5,519,142	34,465,184	14,700,425	3,121,935	57,806,686
Segments Liabilities	28,103,222	11,846,328	7,809,186	4,954,000	52,712,736
Unallocated Liabilities	-	-	-	5,093,950	5,093,950
Total Liabilities	28,103,222	11,846,328	7,809,186	10,047,950	57,806,686

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
(Continued):**

XIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Banks
31 December 2021					
Net Interest Income	154,349	441,988	(40,823)	-	555,514
Net Fees and Comissions	55	37,869	-	-	37,924
Trading Profit/Loss	32,423	6,687	159,189	-	198,299
Other Operating Income	363	212,852	-	-	213,215
Operating Income	187,190	699,396	118,366	-	1,004,952
Operating and Provision Costs (-)	127,483	438,217	52,502	132,360	750,562
Net Operating Income	59,707	261,179	65,864	(132,360)	254,390
Dividend Income	-	-	-	19	19
Income/Loss from subsidiaries based on equity method	-	-	-	90,033	90,033
Profit Before Tax	59,707	261,179	65,864	(42,308)	344,442
Tax Provisions (-)	14,927	65,295	16,466	(57,061)	39,627
Net Profit/Loss	44,780	195,884	49,398	14,753	304,815
31 December 2021					
Segment Assets	2,937,212	25,231,179	7,482,947	-	35,651,338
Investments in associates, subsidiaries and joint ventures	-	-	-	669,736	669,736
Unallocated Assets	-	-	-	1,693,566	1,693,566
Total Assets	2,937,212	25,231,179	7,482,947	2,363,302	38,014,640
Segments Liabilities	15,374,769	8,985,783	8,873,548	2,306,131	35,540,231
Unallocated Liabilities	-	-	-	2,474,409	2,474,409
Total Liabilities	15,374,769	8,985,783	8,873,548	4,780,540	38,014,640

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

a. Information related to cash and the account of Central Bank of the Republic of Turkey:

1. Information on cash and the account of the CBRT:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Cash	32,803	318,656	24,317	397,942
CBRT	1,186,746	5,140,335	427,401	5,450,020
Other	-	170,218	-	92,171
Total	1,219,549	5,629,209	451,718	5,940,133

2. Information on the account of the CBRT:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Demand Unrestricted Amount	1,186,746	2,023,468	427,401	1,846,171
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	3,116,867	-	3,603,849
Total	1,186,746	5,140,335	427,401	5,450,020

3. Information on reserve requirements:

According to the CBRT's "Communiqué No 2013/15 on Required Reserve", the Bank maintains required reserves at the CBRT for Turkish currency and foreign currency liabilities. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the "Communiqué on Required Reserves" at the CBRT. As of 19 September 2019, no interest is paid on required reserves held in foreign currency. On the other hand, the 8.5% interest rate for required reserves in Turkish Lira has been terminated as of 15 April 2022. According to the "Communiqué on Required Reserves" published in the Official Gazette dated 31 December 2022 and numbered 32060, the possibility of establishing TL required reserves in gold will be terminated as of 23 June 2023.

As at 31 December 2022, the effective rates for the reserve requirements held at the CBRT are between 3% and 8% (31 December 2021: between 3% and 8%) for Turkish Lira and between 5% and 26% (31 December 2021: between 5% and 26%) for foreign currencies. Within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" numbered 2021/14, as of 23 December 2022, the practices regarding the establishment of additional required reserves and the payment of commissions according to the conversion rate to foreign currency deposit accounts in USD, EUR and GBP and TL time deposit accounts were abolished. Pursuant to the instruction of 2 September 2022, the commission application according to the share of Turkish Lira deposits in total deposits has been changed to be applied as of 23 December 2022. According to this change, banks with a Turkish Lira deposit share of less than 50% will pay a commission of 8%, and banks that are between 50% and 60% will pay a commission of 3%, separately for real and legal persons. Commissions payable will be calculated over the required reserve amount for foreign currency deposit liabilities.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

b. Information on Financial Assets at Fair Value Through Profit/Loss:

1. Financial assets at fair value through profit / loss given as collateral / blocked:

As of 31 December 2021, there is subject to assets given as collateral/blocked to financial assets amounting to TL 290,057 at fair value through profit or loss (31 December 2021: None).

2. Financial assets at fair value through profit / loss subject to repo transactions:

As of 31 December 2022, there is no amount subject to repo transactions from financial assets at fair value through profit or loss (31 December 2021: None).

c. Information on banks:

1. Information on banks:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Banks				
Domestic	175,491	760,462	230,440	6,671
Foreign	-	239,962	-	316,379
Headquarters and Branches Abroad	-	-	-	-
Total	175,491	1,000,424	230,440	323,050

2. Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
EU Countries	48,393	45,070	-	-
USA, Canada	66,671	175,248	-	-
OECD Countries (*)	102,214	89,662	-	-
Off-shore Banking Regions	-	-	-	-
Others	22,684	6,399	-	-
Total	239,962	316,379	-	-

(*) OECD countries except EU countries, USA and Canada.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

d. Information on Financial Assets at Fair Value Through Other Comprehensive Income:

1. Financial assets at fair value through other comprehensive income given as collateral:

As of 31 December 2022, there are TL 627,905 financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2021: TL 388,086).

2. Financial assets at fair value through other comprehensive income subject to repo transactions:

As of 31 December 2022, there are TL 7,811 financial assets at fair value through other comprehensive income subject to repurchase agreements. (31 December 2021: TL 1,295).

3. Information on financial assets at fair value through other comprehensive income:

	31 December 2022	31 December 2021
Debt Securities	1,611,781	712,965
Quoted on Stock Exchange	1,611,781	712,965
Not Quoted	-	-
Share Certificates	7,674	7,674
Quoted on Stock Exchange	-	-
Not Quoted	7,674	7,674
Impairment Provision (-)	15,552	53,460
Total	1,603,903	667,179

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

e. Explanations on loans:

- Information on all types of loan or advance balances given to shareholders and employees of the Bank:

	31 December 2022		31 December 2021	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders of the Bank	-	17,225	-	24,860
Loans Given to Legal Entity Partners	-	17,225	-	24,860
Loans Given to Real Person Partners	-	-	-	-
Indirect Loans Given to Bank Partners	-	-	-	-
Loans Given to Bank Members	3,293	-	4,361	-
Total	3,293	17,225	4,361	24,860

- Information on the first and second group loans and other receivables including the loans that have been restructured or rescheduled and other receivables:

i.

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured	Re-finance
			Change in Contract Conditions	
Non-Specialized Loans	28,786,075	220,550	6,080,529	-
Loans Given to Enterprises	-	-	-	-
Export Loans	9,077,827	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	5,809,665	-	-	-
Consumer Loans	1,821,170	8,291	1,992	-
Credit Cards	-	-	-	-
Other	12,077,413	212,259	6,078,537	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	28,786,075	220,550	6,080,529	-

ii.

	Standard Loans	Loans Under Close Monitoring
General provisions (*)	44,373	1,479,936
12 Month Expected Credit Losses	44,373	-
Significant Increase in Credit Risk	-	1,479,936

(*) Finance lease receivables provisions are included in the table.

- Distribution of Cash Loans According to Their Maturities:

	Standard Loans	Loans Under Close Monitoring	
		Loans without Revised Contract Terms	Restructured Loans
Short-term Loans	19,793,060	31,503	24,480
Medium and Long-term Loans	8,993,015	189,047	6,056,049
Total	28,786,075	220,550	6,080,529

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

e. Explanations on loans (Continued):

4. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	473,997	1,343,260	1,817,257
Real estate loans	-	28,728	28,728
Automotive loans	14,722	687,620	702,342
Consumer loans	459,275	626,912	1,086,187
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	4,562	4,562
Real estate loans	-	4,562	4,562
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans-TL	259	3,034	3,293
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	259	3,034	3,293
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-TL (Real Person)	6,341	-	6,341
Credit Deposit Account-FC (Real Person)	-	-	-
Total	480,597	1,350,856	1,831,453

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

e. Explanations on loans (Continued):

5. Information on commercial installment loans and corporate credit cards:

	Short-Term	Medium and Long-Term	Total
Commercial Installments Loans-TL	2,657	878,053	880,710
Real estate Loans	-	-	-
Automotive Loans	-	46	46
Consumer Loans	2,657	878,007	880,664
Other	-	-	-
Commercial Installments Loans-FC Indexed	-	96,605	96,605
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	96,605	96,605
Other	-	-	-
Commercial Installments Loans-FC	576,058	9,512,079	10,088,137
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	576,058	9,512,079	10,088,137
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Corporate Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-TL (Legal Person)	-	-	-
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	578,715	10,486,737	11,065,452

6. Loans according to types of borrowers:

	31 December 2022	31 December 2021
Public	1,282,605	32,591
Private	33,804,549	24,035,499
Total	35,087,154	24,068,090

7. Distribution of domestic and foreign loans:

	31 December 2022	31 December 2021
Domestic Loans	35,036,740	23,992,700
Foreign Loans	50,414	75,390
Total	35,087,154	24,068,090

8. Loans given to associates and subsidiaries:

None (31 December 2021: None).

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

e. Explanations on loans (Continued):

9. Specific provisions provided against loans:

	31 December 2022	31 December 2021
Allocated for Limited Collection Loans	508	915
Allocated for Doubtful Loans	210,510	106,636
Allocated for Loss Loans	310,652	620,070
Total	521,670	727,621

10. Information on non-performing loans (Net):

i. Information on loans and other receivables restructured or rescheduled by the Bank from non-performing loans:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
31 December 2022			
Gross Amounts Before the Provisions	-	-	-
Restructured Loans	114	159	179,170
31 December 2021			
Gross Amounts Before the Provisions	-	-	-
Restructured Loans	-	503	241,230

ii. Information on the movement of total non-performing loans:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Prior Period End Balance	4,634	194,579	1,720,740
Additions (+)	335,608	350	70,934
Transfers from Other Categories of Non-performing Loans (+)	-	337,243	202,478
Transfers to Other Categories of Non-performing Loans (-)	337,243	202,478	-
Collections (-)	2,167	7,374	530,206
Write-offs (-)	-	-	92,344
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	832	322,320	1,371,602
Specific Provision (-)	508	210,510	310,652
Net Balance on Balance Sheet	324	111,810	1,060,950

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

e. Explanations on loans (Continued):

iii. Information on non-performing loans granted as foreign currency loans:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
31 December 2022			
Balance at the End of the Period	-	296,284	812,166
Provision Amount (-)	-	198,075	85,865
Net Balance on Balance Sheet	-	98,209	726,301
31 December 2021			
Balance at the End of the Period	1,667	26	1,159,770
Provision Amount (-)	-	16	438,185
Net Balance on Balance Sheet	1,667	10	721,585

iv. Information on gross and net amounts of non-performing loans based on tfces of borrowers:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
31 December 2022			
Current Period (Net)	324	111,810	1,060,950
Loans Given to Real Persons and Legal Persons (Gross)	832	322,320	1,371,602
Provision Amount (-)	508	210,510	310,652
Loans Given to Real Persons and Legal Persons (Net)	324	111,810	1,060,950
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net)	3,719	87,943	1,100,670
Loans Given to Real Persons and Legal Persons (Gross)	4,634	194,579	1,720,740
Provision Amount (-)	915	106,636	620,070
Loans Given to Real Persons and Legal Persons (Net)	3,719	87,943	1,100,670
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

e. Explanations on loans (Continued):

11. Policy followed-up for the collection of uncollectible loans and other receivables:

The Bank aims to collect uncollectible loans and other receivables are collected through the liquidation of collaterals by legal procedures.

12. Explanations of the write-off policy:

Within the scope of the amendment to the Banking Act, the Regulation on the Classification of Loans and the Procedures and Principles for the provisions to be allocated for them were also amended;

- Classified under Fifth Group-Uncollectible Loans,
- Part of the borrower's default for the lifetime expected credit losses or if there are no reasonable expectations for the recover of loans allocated in specific provision,
- From the first reporting period (interim or year-end reporting period) following their classification in the group,

It has been allowed to be written-off from the accounts under TFRS 9.

Accordingly, non-performing loans are tracked in off-balance sheet accounts by writing-off the records. This transaction is an accounting application that allows the transfer of the legal proceeding balance to the off-balance sheet by removing it from asset accounts and not the result of the Bank giving up the right to credit.

It is not compulsory that the entire receivable for collecting from registration has no possibility to collect, but it is possible to remove the part that does not have partial collection possibility from the assets.

In order to write-off any legal proceedings from the account;

- Classified under Fifth Group (Uncollectible Loans),
- 100% provision for the portion of the account balance that will be written-off,
- Either the legal proceedings to be continued or to be started,

must be met.

Provisions allocated for amounts written-off from the accounts are considered "expense" in terms of tax legislation. The write-off process is only an accounting process and will continue the legal proceedings for the collection of the Bank's receivables. After the writing-off process, the balance in the off-balance sheet accounts will be collected for the part of the debt that is written-off from the account in full or part of the collection by agreeing with the borrower and the debtor's request.

As of 31 December 2022, the Bank has a written-off receivable of TL 92,344 (31 December 2021: TL 17,461).

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

f. Information on the calculation of interest accruals, valuation differences and their provisions for non-performing loans by banks which allocate expected credit losses according to TFRS 9:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period (Net)	6	2,549	69,481
Interest Accruals and Valuation Differences	12	5,880	89,605
Provision Amount (-)	6	3,331	20,124
Prior Period (Net)	1,155	158	87,613
Interest Accruals and Valuation Differences	1,180	311	146,210
Provision Amount (-)	25	153	58,597

g. Information on financial assets measured at amortized cost:

1. Information on financial assets valued at amortized cost subject to repurchase agreements:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	653,244	928,756	-	273,313
Other	-	-	-	-
Total	653,244	928,756	-	273,313

2. Information on financial assets measured at amortized cost given as collateral/blocked:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	951,373	696,637	-	750,155
Other	-	-	-	-
Total	951,373	696,637	-	750,155

3. Information on government debt securities measured at amortized cost:

	31 December 2022	31 December 2021
Government Bond	5,380,706	1,023,468
Treasury Bond	-	-
Other Public Debt Securities	-	-
Total	5,380,706	1,023,468

4. Information on financial assets measured at amortized cost:

	31 December 2022	31 December 2021
Debt securities	5,380,706	1,023,468
Publicly-traded	5,380,706	1,023,468
Not publicly-traded	-	-
Provision for impairment (-)	-	-
Total	5,380,706	1,023,468

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

g. Information on financial assets measured at amortized cost (Continued):

5. Movement of financial assets measured at amortized cost within the period:

	31 December 2022	31 December 2021
Opening Balance	1,023,468	510,403
Foreign Exchange Differences in Monetary Assets	685,589	449,660
Purchases During The Year	3,975,531	228,699
Disposals Through Sales and Redemptions	(303,882)	(165,294)
Value Decrease Equivalent (-)	-	-
End of Period Total	5,380,706	1,023,468

h. Information on associates (Net):

None (31 December 2021: None).

i. Information on subsidiaries (Net):

1. Information on unconsolidated subsidiaries:

None (31 December 2021: None).

2. Main financial figures of the unconsolidated subsidiaries in order of the below table:

None (31 December 2021: None).

3. Information on subsidiaries that are consolidated:

	Title	Address (City/Country)	Bank's Share Percentage, If Different Voting Percentage (%)	Other Shareholders' Share Percentage (%)
1	Burgan Finansal Kiralama A.Ş.	Istanbul/Turkey	99.99	0.01
2	Burgan Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100.00	-

4. Main financial figures of the consolidated subsidiaries in the order of the above table:

	Total Assets	Shareholders' Equity	Total Tangible assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/ Loss	Fair Value
1	7,471,780	881,534	1,367,786	781,838	-	276,891	68,028	-
2	613,270	214,908	8,472	58,420	3,027	37,613	22,005	-

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

i. Information on subsidiaries (Net) (Continued):

5. Movement schedules of consolidated subsidiaries:

	31 December 2022	31 December 2021
Balance at the beginning of the Period	669,736	548,560
Movements during the Period	426,622	121,176
Purchases	-	-
Bonus Shares Obtained	-	-
Profit from Current Year Income (*)	314,504	90,033
Sales	-	-
Revaluation Increase/Decrease (*)	112,118	31,143
Impairment Provision	-	-
Balance at the End of the Period	1,096,358	669,736
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	99.99%	99.99%

(*) Includes the increases occurred as a result of the application of the equity method in accordance with TAS 27.

6. Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

Subsidiaries	31 December 2022	31 December 2021
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	958,525	569,516
Finance Companies	-	-
Other Financial Subsidiaries	137,833	100,220
Total	1,096,358	669,736

7. Subsidiaries quoted on stock exchange:

None (31 December 2021: None).

j. Information on jointly controlled partnerships (joint ventures):

None (31 December 2021: None).

k. Information on lease receivables (net):

None (31 December 2021: None).

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

1. Information on derivative financial assets

1. Information on derivative financial assets at fair value through profit or loss:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Forward Transactions	24,365	2,809	4,974	443
Swap Transactions	93,874	284,981	1,386,033	110,760
Futures Transactions	1,472	-	1,060	-
Options	574	78,612	8,033	17,412
Other	-	-	-	-
Total	120,285	366,402	1,400,100	128,615

2. Information on derivative financial assets at fair value through other comprehensive income:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	920,625	1,119,714	1,362,814	80,530
Foreign Net Investment Hedge	-	-	-	-
Total	920,625	1,119,714	1,362,814	80,530

m. Information on tangible assets:

	Immovables	Motor Vehicle	Other Tangible Assets	Total
31 December 2021				
Cost	43,707	709	215,758	260,174
Accumulated Depreciation (-)	5,707	309	105,241	111,257
Net Book Value	38,000	400	110,517	148,917
31 December 2022				
Net Book Value at Beginning of the Period	38,000	400	110,517	148,917
Additions	-	-	80,696	80,696
Disposals (-), net	-	159	13	172
Impairment (-)	-	-	-	-
Depreciation (-)	1,195	106	43,966	45,267
Revaluation Increase	22,945	-	-	22,945
Cost at Period End	66,652	420	293,007	360,079
Accumulated Depreciation at Period End (-)	6,902	285	145,773	152,960
Closing Net Book Value	59,750	135	147,234	207,119

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

m. Information on tangible assets (continued) :

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2020				
Cost	31,697	709	193,165	225,571
Accumulated Depreciation (-)	4,947	133	81,094	86,174
Net Book Value	26,750	576	112,071	139,397
31 December 2021				
Net Book Value at Beginning of the Period	26,750	576	112,071	139,397
Additions	-	-	35,559	35,559
Disposals (-), net	-	34	3,159	3,193
Impairment (-)	-	-	-	-
Depreciation (-)	760	142	33,954	34,856
Revaluation Increase	12,010	-	-	12,010
Cost at Period End	43,707	709	215,758	260,174
Accumulated Depreciation at Period End (-)	5,707	309	105,241	111,257
Closing Net Book Value	38,000	400	110,517	148,917

n. Information on intangible assets:

1. Gross book value and accumulated depreciation at the beginning and at the end of the period:

	31 December 2022	31 December 2021
Gross Book Value	183,307	140,758
Accumulated Depreciation (-)	101,805	89,751
Net Book Value	81,502	51,007

2. Movement table containing the information between the beginning of the period and the end of the period:

	31 December 2022	31 December 2021
Beginning of the Period	51,007	41,147
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	42,549	21,569
Exclusions and Sales (-)	-	-
Amounts Recorded in the Valuation Fund due to Increase or Decrease in Value	-	-
Decreases in Value Recorded in the Income Statement	-	-
Decreases in Value Canceled from the Income Statement	-	-
Amortisation (-)	12,054	11,709
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
End of the Period	81,502	51,007

o. Information on investment property:

None (31 December 2021: None).

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

p. Information on deferred tax asset/liability:

As of 31 December 2022, Bank has netted-off the calculated deferred tax asset of TL 546,601 (31 December 2021: TL 460,784) and deferred tax liability of TL 381,758 (31 December 2021: TL 436,395) in accordance with TAS 12 and has recorded a net deferred tax asset of TL 164,843 (31 December 2021: TL 24,389 net deferred tax asset) in the financial statements.

As of 31 December 2022 and 31 December 2021, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

	Accumulated Temporary Differences		Deferred tax assets/liabilities	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Carried Financial Loss	-	671,353	-	154,412
Legal Provisions	13,395	7,279	3,349	1,456
Expected Loss Provisions	1,649,662	1,400,761	412,416	294,751
Provision for Employee Benefits	83,674	33,336	20,919	6,667
Unearned Income	26,445	17,598	6,611	3,498
Other	413,224	-	103,306	-
Deferred Tax Assets	2,186,400	2,130,327	546,601	460,784
Difference Between Carrying Value of Tangible assets and Tax Base	69,092	34,522	9,658	3,107
Derivative Financial Instruments Valuation Difference	1,488,401	1,955,726	372,100	433,288
Deferred Tax Liabilities	1,557,493	1,990,248	381,758	436,395
Deferred Tax Assets/(Liabilities) (Net)			164,843	24,389

Movement of deferred tax asset/liabilities is presented below:

	31 December 2022	31 December 2021
Balance as of 1 January	24,389	91,757
Current year deferred tax income/(expense), net	306,621	(39,627)
Deferred tax charged to equity, net (*)	(166,167)	(27,741)
Balance at the end of the period	164,843	24,389

(*) Deferred tax accounted in equity due to the effects of TAS 27 amounts to TL (38,588).

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

II. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

r. Information on assets held for resale and discontinued operations:

The Bank has assets held for resale amounting to TL 855,289 (31 December 2021: TL 1,039,002) and has no discontinued operations.

Prior Period	31 December 2022	31 December 2021
Cost	1,039,347	496,182
Accumulated Depreciation (-)	345	364
Net Book Value	1,039,002	495,818
Current Period		
Net Book Value at Beginning of the Period	1,039,002	495,818
Additions	401,871	732,142
Disposals (-), net	585,584	188,958
Impairment (-)	-	-
Depreciation (-)	-	-
Cost at the End of the Period	855,576	1,039,347
Accumulated Depreciation at the End of the Period (-)	287	345
Closing Net Book Value	855,289	1,039,002

s. Information on other assets:

Other assets amount to TL 716,824 (31 December 2021: TL 427,422) and do not exceed 10% of the total assets excluding off-balance sheet commitments.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 31 December 2022:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	240,703	-	2,624,904	3,767,701	8,253,428	263,797	248,090	-	15,398,623
Foreign Currency Deposits	2,127,134	-	2,814,972	8,613,829	408,851	103,033	143,369	-	14,211,188
Residents in Turkey	1,992,846	-	2,794,182	8,474,444	393,400	101,525	77,591	-	13,833,988
Residents Abroad	134,288	-	20,790	139,385	15,451	1,508	65,778	-	377,200
Public Sector Deposits	137,629	-	-	-	-	-	-	-	137,629
Commercial Deposits	1,531,546	-	433,668	5,541,724	1,467,027	591,001	185,458	-	9,750,424
Other Institutions Deposits	81,666	-	4,015	42,792	-	-	8	-	128,481
Precious Metal Deposits	244,772	-	-	-	-	-	-	-	244,772
Bank Deposits	37,211	-	-	139,592	-	-	-	-	176,803
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	13	-	-	-	-	-	-	-	13
Foreign Banks	37,198	-	-	139,592	-	-	-	-	176,790
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	4,400,661	-	5,877,559	18,105,638	10,129,306	957,831	576,925	-	40,047,920

ii. 31 December 2021:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	102,395	-	1,197,441	2,107,701	261,003	158,750	495,280	-	4,322,570
Foreign Currency Deposits	2,394,299	-	2,683,264	12,154,085	405,256	54,718	59,910	-	17,751,532
Residents in Turkey	2,341,143	-	2,675,034	12,060,532	400,864	39,560	46,320	-	17,563,453
Residents Abroad	53,156	-	8,230	93,553	4,392	15,158	13,590	-	188,079
Public Sector Deposits	188,844	-	-	-	-	-	-	-	188,844
Commercial Deposits	821,809	-	464,507	325,818	28,926	89,712	22,582	-	1,753,354
Other Institutions Deposits	2,168	-	2,070	4,453	14	3,941	2,165	-	14,811
Precious Metal Deposits	105,679	-	-	-	-	-	-	-	105,679
Bank Deposits	23,981	-	459,851	14,041	-	-	-	-	497,873
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	691	-	459,851	14,041	-	-	-	-	474,583
Foreign Banks	23,290	-	-	-	-	-	-	-	23,290
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3,639,175	-	4,807,133	14,606,098	695,199	307,121	579,937	-	24,634,663

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued):

a. Information on deposits (Continued):

2. Information on saving deposits insurance:

i. Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Saving Deposits				
Saving Deposits	3,458,581	1,399,356	11,940,042	2,923,214
Foreign Currency Savings Deposit	1,119,003	942,872	7,866,101	9,375,416
Other Deposits in the Form of Savings Deposits	56,354	41,870	188,418	63,809
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	4,633,938	2,384,098	19,994,561	12,362,439

(*) In accordance with the "Regulation Amending the Regulation on the Insured Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated 27 August 2022 and numbered 31936 all deposits and participation funds, except those belonging to official institutions, credit institutions and financial institutions in the presence of credit institutions, are included in the insurance coverage and deposits of TL 212,483, which are covered by the insurance, are not included in the note above.

ii. There are no deposits covered under foreign authorities' insurance since the Bank is incorporated in Turkey.

3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	31 December 2022	31 December 2021
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	32,248	10,771
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 "TCK" Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	32,248	10,771

b. Information on financial liabilities at fair value through profit/loss:

None (31 December 2021: None).

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued):

c. Information on borrowings:

1. Information on banks and other financial institutions:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	15,216	-	10,553	-
From Foreign Banks, Institutions and Funds	-	1,552,390	-	3,775,895
Total	15,216	1,552,390	10,553	3,775,895

2. Information on maturity structure of borrowings:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Short-term	15,216	152,195	10,553	615,287
Medium and Long-Term	-	1,400,195	-	3,160,608
Total	15,216	1,552,390	10,553	3,775,895

3. Additional information on the major concentration of the Bank's liabilities:

The Bank's main funding sources are deposits and borrowings. As of 31 December 2022, deposits and borrowings from Bank's risk group comprise 1.77% (31 December 2021: 1.63%) of total deposits. Besides this, Borrowings from Bank's risk group comprise 70.64% (31 December 2021: 47.98%) of subordinated and other borrowings.

d. Information on marketable securities issued:

None (31 December 2021: None).

e. Information on other liabilities:

Other foreign liabilities amounting to TL 3,595,418 (31 December 2021: TL 2,160,151) do not exceed 10% of the total of the balance sheet excluding off-balance sheet commitments.

f. Information on lease payables:

	31 December 2022		31 December 2021	
	Gross	Net	Gross	Net
Less Than 1 Year	4,160	3,119	1,091	1,030
Between 1-4 Years	64,467	54,572	66,114	54,305
More Than 4 Years	33,901	23,560	27,610	18,876
Total	102,528	81,251	94,815	74,211

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued):

g. Information on derivative financial liabilities:

1. Information on Derivative Financial Liabilities at Fair Value Through Profit or Loss:

Trading Derivative Financial Liabilities	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Forward Transactions	4,816	4,861	10,211	2,618
Swap Transactions	89,388	282,719	721,674	99,848
Futures Transactions	-	-	3,465	-
Options	-	173,750	-	4,779
Other	-	-	-	-
Total	94,204	461,330	735,350	107,245

2. Information on Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
For Fair Value Hedges	-	-	-	-
For Cash Flow Hedging	222,684	182,906	135,702	51,162
For Hedging Net Investments Abroad	-	-	-	-
Total	222,684	182,906	135,702	51,162

h. Information on provisions:

1. Information on reserve for employment termination benefits:

Under the Turkish Labor Law, the Bank is required to pay a specific amount to the employees who have been working more than one year, when employment is terminated due to obligatory reasons or they retire, when they have fulfilled 25 working years (women 20) and are eligible for retirement (for women 58 years, for men 60 years), when they have been called up for military service or when they die. After the amendment of legislation on 23 May 2002, some of the transition process articles related to the working period before retirement were enacted.

The payment amount that is one month's salary for each working year is restricted to TL 19,982.83 since 1 January 2023. Employee termination benefits are not funded, as there is no funding requirement.

In accordance with Turkish Labor Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 necessitates the actuarial valuation methods to calculate liabilities of enterprises. Independent actuaries are used in determining the liability of the Bank. There are assumptions in the calculation as discount rate, employee turnover and expected salary increases. In this context, the following actuarial assumptions are used in the calculation of total liabilities.

	31 December 2022	31 December 2021
Discount Rate (%)	1.00	3.33
Salary Increase Rate (%)	9.20	17.20
Average Remaining Work Period (Year)	12.60	11.60

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued):

h. Information on provisions (Continued):

Movement of reserve for employment termination benefits during the period:

	31 December 2022	31 December 2021
Prior period balance	28,777	22,186
Current service cost	4,056	3,032
Interest cost	5,593	2,607
Settlement cost	344	(2,396)
Actuarial loss/gain	41,648	5,571
Benefits paid (-)	4,987	2,223
Balance at the End of the Period	75,431	28,777

In addition, as of 31 December 2022, the Bank has accounted for vacation rights provision and personnel bonus provision amounting to TL 114,086 (31 December 2021: TL 40,897).

2. Other Provisions:

i. Information on provisions related with foreign currency difference of foreign indexed loans:

The provisions related to foreign currency differences of foreign indexed loans calculated as of the balance sheet date have been netted-off from the loan amount in the financial statements, and there is no the provision related to foreign currency differences of foreign indexed loans (31 December 2021: None).

ii. Information on other provisions:

The Bank set aside reserves under other provisions amounting to TL 654,441 (31 December 2021: 138,622), TL 35,356 (31 December 2021: TL 30,902) for provisions for non-cash loans and commitments that are not converted to cash and not indemnified and lawsuit and other provisions amounting to TL 6,175 (31 December 2021: TL 7,279).

i. Information on taxes payable:

1. Information on tax provision:

As of 31 December 2022, there is a corporate tax provision of TL 367,052 (31 December 2021: None).

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued):

i. Information on taxes payable (Continued):

2. Information on taxes payable:

	31 December 2022	31 December 2021
Corporate Tax Payable	367,052	-
Taxation of Marketable Securities	31,652	10,011
Property Tax	104	87
Banking Insurance Transaction Tax	27,024	24,698
Foreign Exchange Transaction Tax	1,119	3,110
Value Added Tax Payable	3,402	1,617
Other	13,441	5,554
Total	443,794	45,077

3. Information on premium payables:

	31 December 2022	31 December 2021
Social Security Premiums-Employee	8,033	1,916
Social Security Premiums-Employer	9,419	2,249
Bank Social Aid Pension Fund Premiums-Employee	-	-
Bank Social Aid Pension Fund Premiums-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	550	131
Unemployment Insurance-Employer	1,091	263
Other	168	65
Total	19,261	4,624

4. Explanations on deferred tax liability:

As of 31 December 2022, the Bank has netted-off the calculated deferred tax asset of TL 546,601 (31 December 2021: TL 460,784) and deferred tax liability of TL 381,758 (31 December 2021: TL 436,395) in accordance with TAS 12 and has recorded a net deferred tax asset of TL 164,843 (31 December 2021: TL 24,389 net deferred tax asset) in the financial statements.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued):

j. Information on payables for assets held for resale and discontinued operations:

None (31 December 2021: None).

k. Information on subordinated debt instruments:

Detailed explanation on subordinated loans including quantity, maturity, interest rate, issuing institution, if available, option to be converted into stock certificate:

Issuing Institution	Amount	Opening Date	Maturity Date	Interest Rate (%)
Burgan Bank K.P.S.C. (Main Shareholder)	USD 150,000,000	16 May 2022	16 May 2032	LIBOR+4.25
Burgan Bank K.P.S.C. (Main Shareholder)	USD 50,000,000	22 February 2021	Indefinite	-

The subordinated loan does not have the option to be converted into stock certificate.

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic Institutions	-	-	-	-
Foreign Banks	-	3,771,359	-	3,347,213
Other Foreign Institutions	-	-	-	-
Total	-	3,771,359	-	3,347,213

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Debt Instruments Subject to Common Equity	-	934,915	-	666,450
Subordinated Loans	-	934,915	-	666,450
Subordinated Debt Instruments	-	-	-	-
Debt Instruments Subject to Tier 2 Equity	-	2,836,444	-	2,680,763
Subordinated Loans	-	2,836,444	-	2,680,763
Subordinated Debt Instruments	-	-	-	-
Total	-	3,771,359	-	3,347,213

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued):

I. Information on shareholders' equity:

1. Presentation of paid-in capital:

	31 December 2022	31 December 2021
Provision for Common Stock	2,655,500	1,890,000
Provision for Preferred Stock	-	-

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

Capital System	Paid-in Capital	Ceiling
Registered Capital	2,655,500	4,000,000

3. Information on the share capital increases during the period and their sources:

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
22.06.2022	765,500	765,500	-	-

(*) In accordance with the Decision of the Board of Directors of the Bank dated 12 May 2022 and numbered 2022/19, the required permission was obtained from Banking Regulation and Supervision Agency regarding increasing the capital amounting to TL 1,890,000,000 by TL 765,500,000 to TL 2,655,500,000, being within the limit of registered capital ceiling amounting to TL 4,000,000,000, and it was notified that there is no objection for consummation of transactions regarding the capital increase. In this context, the capital amount provided by the shareholders were transferred to the paid-in capital account and it is registered and announced in the Turkish Trade Registry Gazette dated 22 June 2022 and numbered 10604.

4. Information on capital increases from capital reserves during the current period:

None.

5. Information on capital commitments, up until the end of the fiscal year and the subsequent period:

None.

6. Information on equity by considering the prior period indications of income, profitability and liquidity of the Parent Bank and the uncertainties on these indicators:

The interest, liquidity and foreign exchange risk on on-balance sheet and off-balance sheet assets and liabilities are managed by the Bank within several risk limits and legal limits.

7. Information on privileges given to shares representing the capital:

Based on the Principal Agreement, the Bank has 1,000,000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued):

I. Information on shareholders' equity (Continued):

8. Information on marketable securities valuation reserve:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (From Partnerships)	-	-	-	-
Valuation Difference	77,596	(12,933)	(45,308)	(6,898)
Foreign Currency Difference	-	-	-	-
Total	77,596	(12,933)	(45,308)	(6,898)

9. Information on tangible assets revaluation reserve:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	53,305	-	34,176	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables (*)	1,413	-	1,413	-

(*) Classified under other capital reserves.

10. Information on distribution of prior year's profit:

In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 25 March 2022; TL 304,815 including the effects of TAS 27 Standard, which is the profit of 2021, classified under extraordinary reserves.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS:

a. Information on off-balance sheet commitments:

1. The type and amount of irrevocable commitments:

	31 December 2022	31 December 2021
Foreign currency buy-sell commitments	794,013	1,912,509
Loan limit commitments	272,366	375,348
Deposits buy-sell commitments	98,941	81,744
Commitments for cheques	59,422	80,701
Securities buy-sell commitments	-	-
Foreign currency buy-sell commitments	-	-
Total	1,224,742	2,450,302

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

There are no probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-Balance Sheet Commitments".

i. Non-cash loans, including guarantees, bank acceptances and financial guarantees, and other letters of credit:

	31 December 2022	31 December 2021
Letter of guarantees	5,351,856	3,088,188
Letter of credits	2,577,801	2,515,966
Bank acceptance loans	48,667	209,466
Other guarantees	2,130,461	1,232,930
Total	10,108,785	7,046,550

ii. Revocable, irrevocable guarantees, contingencies and other similar guarantees:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Irrevocable Letters of Guarantee	2,239,592	1,037,250	1,224,502	835,017
Revocable Letters of Guarantee	119,286	11,414	88,702	12,375
Letters of Guarantee Given in Advance	71,911	122,300	23,881	255,103
Guarantees Given to Customs	13,476	47,146	14,101	156,374
Other Letters of Guarantee	1,381,257	308,224	241,806	236,327
Total	3,825,522	1,526,334	1,592,992	1,495,196

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS (Continued):

a. Information on off-balance sheet commitments (Continued):

3. i. Total amount of non-cash loans:

	31 December 2022	31 December 2021
Non-Cash Loans Given Against Cash Loans	1,953,742	1,612,262
With Original Maturity of 1 Year or Less Than 1 Year	-	-
With Original Maturity of More Than 1 Year	1,953,742	1,612,262
Other Non-Cash Loans	8,155,043	5,434,288
Total	10,108,785	7,046,550

ii. Information on the risk concentration on the basis of sector in the non-cash loans account:

	31 December 2022				31 December 2021			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	171,638	3.23	238,737	4.97	83,047	3.37	265,762	7.26
Farming and Stockbreeding	166,939	3.15	207,756	4.33	82,797	3.35	261,003	7.26
Forestry	4,470	0.08	30,981	0.65	21	0.00	4,759	0.00
Fishery	229	0.00	-	0.00	229	0.02	-	0.01
Manufacturing	2,282,952	43.02	2,758,346	57.45	549,631	26.39	3,432,167	60.44
Mining and Quarrying	64,127	1.21	6,354	0.13	10,728	2.68	267	0.02
Production	1,998,404	37.66	2,451,319	51.05	482,371	19.74	3,399,134	59.91
Electricity, Gas and Water	220,421	4.15	300,673	6.26	56,532	3.96	32,766	0.52
Construction	283,937	5.35	171,646	3.57	161,808	12.02	157,447	10.66
Services	2,527,995	47.63	1,629,370	33.93	848,167	54.46	1,523,620	21.45
Wholesale and Retail Trade	1,245,794	23.47	553,840	11.53	459,962	20.00	421,063	7.90
Accommodation and Dining	60,162	1.13	-	0.00	4,734	0.07	-	1.28
Transportation and Telecom	119,941	2.26	64,605	1.35	41,674	4.74	79,426	3.98
Financial Institutions	1,017,158	19.17	952,569	19.84	317,436	27.77	840,864	5.62
Real Estate and Rental Services	27,439	0.52	58,356	1.22	23,837	1.82	179,189	2.64
Professional Services	18	0.00	-	0.00	112	0.01	3,078	0.03
Educational Services	-	0.00	-	0.00	-	0.00	-	0.00
Health and Social Services	57,483	1.08	-	0.00	412	0.04	-	0.00
Other	40,600	0.77	3,564	0.07	22,339	3.77	2,562	0.18
Total	5,307,122	100.00	4,801,663	100.00	1,664,992	100.00	5,381,558	100.00

iii. Information on non-cash loans classified in group I and II:

Current Period (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	3,809,016	1,422,132	9,763	81,509
Bill of Exchange and Acceptances	35,400	13,267	-	-
Letters of Credit	-	2,411,377	40,000	126,424
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	1,406,200	724,261	-	-
Total	5,250,616	4,571,037	49,763	207,933

(*) In addition to the non-cash loans stated in the table above, the Bank has a non-cash loan amounting to TL 29,436, which is classified as total non-performing loans. As of 31 December 2022, the Bank has recorded a TL 18,530 provision regarding these loans.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS
(Continued):**

b. Information on derivative financial instruments:

	31 December 2022	31 December 2021
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions (I)	60,090,416	40,197,558
Currency Forward Transactions	2,059,944	524,945
Currency Swap Transactions	32,367,618	36,172,387
Futures Transactions	955,814	249,385
Options	24,707,040	3,250,841
Interest Related Derivative Transactions (II)	5,747,762	13,286,516
Forward Rate Agreements	-	-
Interest Rate Swaps	5,747,762	13,286,516
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	65,838,178	53,484,074
Types of Hedging Transactions	26,527,295	12,211,250
Fair Value Hedges	-	-
Cash Flow Hedges	26,527,295	12,211,250
Foreign Currency Investment Hedges	-	-
B. Total Hedging Related Derivatives	26,527,295	12,211,250
Total Derivative Transactions (A+B)	92,365,473	65,695,324

c. Information on contingent assets and contingent liabilities:

As of 31 December 2022, the total amount of legal cases against the Bank is TL 10,036 (31 December 2021: TL 25,843) and the Bank sets aside a provision of TL 6,175 (31 December 2021: TL 6,835) regarding these risks.

d. Brief information on the Bank's rating given by International Rating Institutions:

FITCH (12 October 2022)

Outlook	Negative
Long Term FC	B-
Short Term FC	B
Long Term TL	B
Short Term TL	B
Support Rating	b-
National Rating	AA(tour)
Viability Note	b-(negative)

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	2,749,366	185,235	871,647	29,765
Medium/Long-term Loans	500,962	630,547	382,970	496,384
Interest on Loans Under Follow-up	151,534	-	47,570	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	3,401,862	815,782	1,302,187	526,149

(*) Includes fee and commission income related with cash loans.

2. Information on interest income on banks:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
From the CBRT	215	2,530	860	-
From Domestic Banks	15,864	2,621	43,521	298
From Foreign Banks	-	15,559	-	400
Headquarters and Branches Abroad	-	-	-	-
Total	16,079	20,710	44,381	698

3. Information on interest income on marketable securities:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	11,551	3,670	490	1,530
Financial Assets Measured at Fair Value through Other Comprehensive Income	242,515	12,994	57,886	3,404
Financial Assets Measured at Amortized Cost	376,411	107,682	-	44,564
Total	630,477	124,346	58,376	49,498

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Continued):

a. Information on interest income (Continued):

4. Information on interest income received from associates and subsidiaries:

	31 December 2022	31 December 2021
Interest Received From Associates and Subsidiaries	1,782	-

b. Information on interest expense:

1. Information on the interest of the loans used:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Banks	1,844	267,907	3,422	136,555
The CBRT	-	-	-	-
Domestic Banks	1,844	67	3,422	807
Foreign Banks	-	267,840	-	135,748
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	1,382	-	4,277
Total (*)	1,844	269,289	3,422	140,832

(*) Includes fee and commission expense related with cash loans.

2. Information on interest expense given to investments in associates and subsidiaries:

	31 December 2022	31 December 2021
Interest Paid to Associates and Subsidiaries	18,934	1,819

3. Interest expense on issued marketable securities:

None (31 December 2021: None).

4. Display of the interest paid on the deposit according to the maturity structure:

Current period	Demand Deposit	Time Deposit						Total	Prior Period Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accum. Deposit		
Turkish Lira									
Bank Deposits	-	1,789	-	-	-	-	-	1,789	1,101
Savings Deposits	-	430,913	365,818	608,395	30,984	52,936	-	1,489,046	761,250
Public Deposits	-	14	-	-	-	-	-	14	-
Commercial Deposits	-	78,398	176,993	98,379	171,136	17,458	-	542,364	123,027
Other Deposits	-	824	309,680	1,111	288	189	-	312,092	24,959
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Total	-	511,938	852,491	707,885	202,408	70,583	-	2,345,305	910,337
Foreign Currency									
Foreign Currency Account	-	41,740	337,191	15,075	2,513	2,431	-	398,950	136,040
Bank Deposits	-	7,678	-	-	-	-	-	7,678	1,347
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	-	49,418	337,191	15,075	2,513	2,431	-	406,628	137,387
Grand Total	-	561,356	1,189,682	722,960	204,921	73,014	-	2,751,933	1,047,724

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Continued):

c. Explanations on dividend income:

	31 December 2022	31 December 2021
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	24	19
Other	-	-
Total	24	19

d. Information on trading income/loss (Net):

	31 December 2022	31 December 2021
Profit	64,542,454	68,201,606
Capital Market Transactions	171,036	44,433
Derivative Financial Transactions	972,048	1,187,338
Foreign Exchange Gains	63,399,370	66,969,835
Loss (-)	64,208,646	68,003,307
Capital Market Transactions	26,297	14,641
Derivative Financial Transactions	1,080,141	1,196,436
Foreign Exchange Losses	63,102,208	66,792,230
Net Profit/Loss	333,808	198,299

e. Information on other operating income:

For the period ended 31 December 2022, other operating income includes the adjustment account for previous years' expenses and other operating income.

f. Expected loss provision expenses and other provision expenses:

	31 December 2022	31 December 2021
Expected Credit Loss	(331,264)	255,195
12 Month Expected Credit Loss (Stage 1)	(13,899)	14,804
Significant Increase in Credit Risk (Stage 2)	(106,732)	176,227
Non-performing Loans (Stage 3)	(210,633)	64,164
Marketable Securities Provisions for Impairment	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Provisions for Impairment of Associates, Subsidiaries and Joint Ventures	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other(*)	462,701	-
Total	131,437	255,195

(*) As of 31 December 2022, the other item includes Free Provision Expense for Possible Risks amounting to TL 456,592 (31 December 2021: None).

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Continued):

g. Information related to other operating expenses:

	31 December 2022	31 December 2021
Reserve For Employment Termination Benefits (*)	13,677	4,385
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	45,267	34,856
Impairment Expenses of Intangible Assets	-	-
Depreciation Expenses of Intangible Assets	12,054	11,709
Impairment Expenses of Equity Preferreds for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Tangible Assets Held for Sale	-	-
Other Operating Expenses	323,459	157,180
Leasing Expenses Related to TFRS 16 Exceptions	3,769	1,404
Maintenance Expenses	2,302	1,548
Advertising Expenses	24,720	12,926
Other Expense	292,668	141,302
Loss on Sales of Assets	11	17
Other	43,408	16,871
Total	437,876	225,018

(*) As of 31 December 2022, there is "Employee Vacation Fee Provision Expense" amounting to TL 3,684 (31 December 2021: TL 1,142).

h. Information on net income/loss before taxes from discontinued and continuing operations:

The Bank has no discontinued operations. The Bank's profit before taxes from continuing operations is TL 1,651,186 (31 December 2021: TL 344,442).

i. Information on provision for taxes from discontinued or continuing operations:

The Bank has no discontinued operations and the explanations below represent the provision for taxes of continuing operations:

1. Information on calculated current tax income or expense and deferred tax income or expense:

As of 31 December 2022, the Bank has current tax expense amounting to TL 756,083 and deferred tax expense amounting to TL 306,621.

2. Explanations on deferred tax income or expense arising from the formation or closure of temporary differences:

The Bank has a deferred tax income of TL 494,008 arising from the temporary differences. There is no deferred tax income arising from the financial losses carried from previous periods. There is a net deferred tax income of TL 306,621, TL 187,387 of which is deferred tax expense arising from the closing of temporary differences.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Continued):

i. Information on provision for taxes from discontinued or continuing operations (Continued):

3. Information on recognition of deferred tax income or expense as of temporary difference, financial loss, diminution of tax and exceptions on income statement:

As of 31 December 2022, the Bank has TL 306,621 (31 December 2021: TL 194,039 deferred tax expense) deferred tax income arising from temporary differences and has no deferred tax income from financial loss carried forward from prior periods (31 December 2021: TL 154,412 deferred tax income).

j. Information on continuing and discontinued operations' current period net profit/loss:

The Bank has no discontinued operations and the below article (k) represents the current period net profit/loss from continuing operations.

k. Information on net income/loss for the period:

1. If the disclosure of usual banking transactions, income and expenditure items' composition is necessary to understand the annual performance of the Bank, the composition and amount of these items:

None.

2. If an estimation change related to financial statement items significantly affects profit/loss or has the probability of affecting the profit/loss of the following periods, the effect including these periods:

None.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Continued):

1. Information on other income and expenses:

1. In the current period, the Bank's interest income amounts to TL 6,295,116 (31 December 2021: TL 2,418,321) and TL 1,150,271 (31 December 2021: TL 411,791) of this amount is classified as "Other Interest Income" in the income statement.

	31 December 2022	31 December 2021
Other Interest Income		
Interest Income Related to Derivative Transactions	1,143,088	400,982
Other	7,183	10,809
Total	1,150,271	411,791

2. In the current period, the Bank's interest expense amounts to TL 4,703,636 (31 December 2021: TL 1,894,671), TL 1,574,915 (31 December 2021: TL 685,952) of this amount is classified as "Other Interest Expense" in the income statement.

	31 December 2022	31 December 2021
Other Interest Expense		
Interest Expense Related to Derivative Transactions	1,498,086	683,192
Other	76,829	2,760
Total	1,574,915	685,952

3. The amount of fees and commissions received in the income statement of the Bank in the current period is TL 361,844 (31 December 2021: TL 57,915) and TL 313,041 (31 December 2021: TL 21,883) of this amount is classified as "Other".

	31 December 2022	31 December 2021
Other Fee and Commissions Received		
Early Closing Commissions	21,031	4,658
Commissions on Investment Fund Services	16,867	7,685
Insurance Commissions	7,199	3,185
Commissions from Correspondent Banks	2,538	1,305
Card and POS Exchange Commissions	764	183
Transfer Commissions	533	345
Common Point Commissions	223	111
Other	263,886	4,411
Total	313,041	21,883

4. In the current period, Bank's fee and commission expense amounts to TL 50,860 (31 December 2021: TL 19,991) and TL 50,815 (31 December 2021: TL 19,935) of the related amount is classified under "Other" account.

	31 December 2022	31 December 2021
Other Fee and Commissions Given		
Card Transaction Commission	8,291	4,045
Commissions Granted to Correspondent Banks	4,001	1,954
Fees and Commissions for EFT	1,722	879
Common Point Exchange Commissions	1,675	770
Transfer Commissions	194	105
Other	34,932	12,182
Total	50,815	19,935

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Continued):

5. Fees for Services Received from Independent Audit Firm: (Amounts are presented on an unconsolidated basis and do not include audit fees of subsidiaries.)

	31 December 2022	31 December 2021
Independent audit fee for the reporting period	1,060	801
Other assurance services fee	859	456
Fee for services other than independent audit	-	-
Total	1,919	1,257

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY

a. Information on change in the shareholder structure of the Bank:

There is no change in Bank's partnership structure in 2022.

b. Information on distribution of profit:

According to the decision taken at the Ordinary General Assembly Meeting of the Bank held on 25 March 2022, including the effects of TAS 27 Standard, the profit of TL 304,815 for the year 2021 has been classified in the extraordinary reserves account.

c. Information on capital increase:

In accordance with the Decision of the Board of Directors of the Bank dated 12 May 2022 and numbered 2022/19, the required permission was obtained from Banking Regulation and Supervision Agency regarding increasing the capital amounting to TL 2,655,500,000 by TL 765,500,000 from TL 1,890,000,000, being within the limit of registered capital ceiling amounting to TL 4,000,000,000, and it was notified that there is no objection for consummation of transactions regarding the capital increase. In this context, the capital amount provided by the shareholders were transferred to the paid-in capital account and it is registered and announced in the Turkish Trade Registry Gazette dated 22 June 2022 and numbered 10604. (Amounts in Full TL)

d. Information on valuation differences of marketable securities:

"Unrealized profit/loss" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the "Marketable securities valuation reserve" account under equity, until the financial assets are sold, disposed or impaired.

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (From Partnerships)			-	-
Valuation Difference	77,596	(12,933)	(45,308)	(6,898)
Foreign Currency Difference	-	-		
Total	77,596	(12,933)	(45,308)	(6,898)

e. Information on revaluation differences of tangible and intangible assets:

The reversal from revaluation reserve to their fair value for immovables amounting to TL 19,129 net of tax (31 December 2021: TL 10,724) is accounted under "Revaluation differences of tangible assets and intangible assets".

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

a. Information on cash and cash equivalents:

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

i. Cash and cash equivalents at the beginning of period:

	31 December 2022	31 December 2021
Cash	3,093,705	1,758,418
Cash, Foreign Currency and Other	514,430	415,164
Demand Deposits in Banks	2,579,275	1,343,254
Cash Equivalents	-	118,549
Interbank Money Market	-	100,000
Time Deposits in Bank	-	18,549
Total Cash and Cash Equivalents	3,093,705	1,876,967

The total amount from the operations that occurred in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

ii. Cash and cash equivalents at the end of the period:

	31 December 2022	31 December 2021
Cash	3,972,249	3,093,705
Cash, Foreign Currency and Other	521,677	514,430
Demand Deposits in Banks	3,450,572	2,579,275
Cash Equivalents	1,799,400	-
Interbank Money Market	1,799,400	-
Time Deposits in Bank	-	-
Total Cash and Cash Equivalents	5,771,649	3,093,705

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS (Continued)

b. Information on other items presented in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents:

"Other" items presented in "Net operating income before changes in operating assets and liabilities" amount to negative TL 18,746 (31 December 2021: negative TL 1,502,206) and mainly consists of other operating income excluding collections from non-performing loans, other operating expenses excluding personnel expenses and foreign exchange gain and loss items.

"Net increase/decrease in other payables" items presented in "Changes in operating assets and liabilities" amount to positive TL 3,478,386 (31 December 2021: positive TL 951,589) and consist of changes in other liabilities and miscellaneous payables.

As of 31 December 2022, the effect of change in foreign exchange rate on cash and cash equivalents is calculated as approximately positive TL 226,446 (31 December 2021: positive TL 456,926).

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued):**

VII. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP:

- a. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Prior period information is presented for balance sheet items and income/expense items as of 31 December 2021.

31 December 2022	Investments in Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of The Bank		Other Real and Legal Persons that Have Been Included in the Risk Group	
Banks' Risk Group	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	24,341	-	24,860	677	-
Balance at the End of the Period	20,825	15,466	-	17,225	828	87
Interest and Commission Income Received	1,782	112	-	11	165	1

31 December 2021	Investments in Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of The Bank		Other Real and Legal Persons that Have Been Included in the Risk Group	
Banks' Risk Group	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	62,497	-	12,944	790	-
Balance at the End of the Period	-	24,341	-	24,860	677	-
Interest and Commission Income Received	-	365	-	4	104	1

2. Information on deposits and repurchase transactions of the Bank's risk group:

Banks' Risk Group	Investments in Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of The Bank		Other Real and Legal Persons that Have Been Included in the Risk Group	
Deposit	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period	271,488	94,838	106,907	171,520	23,864	24,112
End of the Period	334,371	271,488	332,312	106,907	40,543	23,864
Interest Expense on Deposits	18,934	1,819	6,640	2,463	2,171	1,494

Banks' Risk Group	Investments in Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of The Bank		Other Real and Legal Persons that Have Been Included in the Risk Group	
Deposit	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Interest Expense on Deposits	-	-	-	-	2	3

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

VII. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP (Continued):

a. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period (Continued):

3. Information on forward and option agreements and other similar agreement with the Bank's risk group:

Banks' Risk Group	Investments in Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of The Bank		Other Real and Legal Persons that Have Been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss						
Beginning of the Period (*)	3,790,764	2,508,920	-	-	-	-
End of the period (*)	1,450,982	3,790,764	1,745,925	-	-	-
Total Profit/Loss	213,741	(165,340)	10,657	-	-	-
Transactions for Hedging Purposes						
Beginning of the Period	1,014,049	-	-	-	-	-
Balance at the End of the Period	3,659,119	1,014,049	-	-	-	-
Total Profit/Loss	(447,893)	(82,306)	-	-	-	-

(*) The information in the table above shows the total amount of "buy".

b. With respect to the Bank's risk group:

1. The relations with entities that are included in the Bank's risk group and controlled by the Bank regardless of the presence of a transaction between parties:

The Bank performs various transactions with related parties during its banking activities. These are commercial transactions realised with market prices.

2. Along with the type of relationship, the type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

	Total Risk Group	According to the amounts included in the financial statements (%)
Loans Received and Subordinated Borrowing Instruments	3,771,359	70.64
Deposit	707,226	1.77
Banks and Other Financial Institutions	18,471	1.57
Non-Cash Loans	32,778	0.32
Loans	21,653	0.06

As of 31 December 2022, the Bank has realized interest income from deposits given to banks included in the risk group amounting to TL 22 (31 December 2021: TL 73). The Bank has realized interest expense amounting to TL 17,465 (31 December 2021: TL 72,417) on loans borrowed from the banks in the Bank's risk group.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued):

VII. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP (Continued):

b. With respect to the Bank's risk group (Continued):

3. Information on transactions such as purchase-sale of immovable and other assets, purchase-sale of service, agent agreements, financial lease agreements, transfer of the information gained as a result of research and development, license agreements, financing (including loans and cash or in kind capital), guarantees, collaterals and management contracts:

According to the Joint Expense Sharing Agreement with the Bank and its subsidiaries; the Bank has received TL 1,045 (31 December 2021: TL 398) from Burgan Finansal Kiralama A.Ş., TL 597 (31 December 2021: TL 379) other operation income from Burgan Yatırım Menkul Değerler A.Ş.

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Bank's risk group and the amount composes 0.12% (31 December 2021: 0.15%) of the Bank's total cash and non-cash loans.

As of 31 December 2022, there are no purchase-sales transactions on any assets including real estate with the risk group consisting the Bank.

As of 31 December 2022, there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Bank is included.

c. Information on benefits provided to top management:

Top management of the Bank is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management in the current period, totals TL 58,202 (31 December 2021: TL 30,343) which constitutes of the sum of other benefits including yearly gross salaries and other payments and travel, meal aids, health and life insurances and vehicle expenses.

VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

a. Information on domestic, foreign branches and foreign representatives:

	Number	Employee Number	Country of Incorporation	Total Asset	Statutory Share Capital
Domestic branch	32	1,020			
Foreign representative	None.				
Foreign branch	None.				
Off-Shore Banking Region Branch	None.				

- b. There is no event that would affect opening or closing a domestic branch, a foreign branch or a representative office of the Parent Bank.

IX. EXPLANATIONS AND NOTES ON RELATED TO SUBSEQUENT EVENT:

It has been noted that a state of emergency involving 10 provinces in the region will be declared due to the negativity caused by the earthquakes centered in Kahramanmaraş, affecting many of our provinces and shaking our entire country. Developments related to this natural disaster are being closely monitored, and efforts for the assessment of this situation is ongoing.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION SIX

OTHER EXPLANATIONS

I. EXPLANATIONS ON RELATED TO BANK'S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT

The unconsolidated financial statements as of and for the period ended 31 December 2022 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of DELOITTE TOUCHE TOHMATSU LIMITED) and the auditor's audit report dated 15 February 2023 has been presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDIT REPORT ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I.
OF SECTION THREE)

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED
DISCLOSURES TOGETHER WITH INDEPENDENT
AUDIT REPORT AS OF 31 DECEMBER 2022**

**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF
SECTION THREE)**

INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Burgan Bank A.Ş.

A) Report on the Audit of Consolidated Financial Statements

1) Qualified Opinion

We have audited the accompanying consolidated financial statements of Burgan Bank A.Ş (“the Bank”) and its subsidiaries (“the Group”), which comprise the statement of financial position as at 31 December 2022, and the consolidated statement of income, consolidated statement of income and expenses recognized under shareholders’ equity, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the Basis for the Qualified Opinion paragraphs, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and consolidated financial performance and consolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Regulations including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and provisions of Turkish Accounting Standards (TAS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

The accompanying consolidated financial information prepared as of 31 December 2022 includes free provision amounting to TL 138,622 thousand, TL 555,689 thousand of which was set aside in the previous period as TL 694,311 thousand and reversed during the current period due to possible risks that may arise in the economy and the markets. As of 31 December 2022, if the relevant free provision had not been made, other provisions would be TL 694,311 thousand less and retained earnings would be TL 138,622 thousand more, and other operating income, profit before tax and net profit for the period ended 31 December 2022 would have been TL 555,689 thousand more.

We conducted our audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing (SIA) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (POA). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Bank in accordance with of *Code of Ethics for Independent Auditors* (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the Key Audit Matter is addressed in our audit
<p><i>Impairment of loans in accordance with TFRS 9 Financial Instruments Standard (“TFRS 9”)</i></p> <p>Impairment of loans is a key area of judgment for the management. The Group has the total loans and receivables amounting to TL 41,856,749 thousand, which comprise 66% of the total assets in its consolidated financial statements as at 31 December 2022, and the total provision amounts to TL 2,331,313 thousand.</p> <p>As of 1 January 2018, the Group has started to recognize provisions for impairment on loans measured at amortized cost in accordance with TFRS 9 and “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750.</p> <p>In this respect, the method of allocating loan provisions as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII was changed with the implementation of TFRS 9 by applying the expected credit loss method. Expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Group exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models. In addition, impairment of loans and receivables</p>	<p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have assessed and analysed the relevant contract terms to assess the management’s accounting policy and classification of the instrument for sampling financial instruments.</p> <p>We have performed loan review procedures on selected samples of loans and receivables with the objective of identifying whether the impairment had occurred and whether the provision for impairment was recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p>We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p>

<p>consist of significant judgments and assumptions.</p> <p>Not fulfilling the requirements of the TFRS 9 is a potential risk for the Group. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.</p> <p>Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.6.</p>	<p>We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p>We have tested whether the model is applied to appropriate segments of assets which share credit risk characteristics and whether the historical loss rates were incurred under economic conditions representative of those that may exist during the assets' exposure periods.</p> <p>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p>Based on our discussions with the Group management, we evaluated whether the key assumptions and other judgements underlying the estimations of impairments were reasonable.</p> <p>As per the Group's practice, the reasonableness of the provisions set aside for the individually assessed loans was checked with the assumptions and estimations, as well as supportable data, and evaluated within the framework of the discussions with the Group's management.</p> <p>Our specialists have been involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Group with respect to loans and receivables and related impairment provisions.</p>
--	--

Information technologies audit

The Group and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Group and its associates. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Group means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk-based scoping.

Procedures within the context of our information technology audit work:

- We identified, understood and tested the Group's controls over information systems.
- Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas:
 - Access Security
 - Change Management
 - Data Center and Network Operations
- We selected high-risk control areas as creating and monitoring database-level audit trails and change management control activities for the prevention and prevention of unauthorized access to financial data.
- We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation.
- Automated controls and integration controls were tested to underly and detect changes and accesses in the process of financial data generation.
- We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.

Finally, we tested the controls over database, network, application and operating system layers of applications.

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank's and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with the government with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Group's set of accounts for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mehmet Erol.

Additional paragraph for convenience translation to English

BRSA Accounting and Reporting Regulations explained in detail in Section 3 differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Mehmet Erol
Partner

İstanbul, 15 February 2023

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

**THE CONSOLIDATED FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 31 DECEMBER 2022**

Address of the Bank's Head Office : Maslak Mahallesi, Eski Büyükdere Caddesi, No:13
34485 Sarıyer / İstanbul
Telephone and Fax Numbers of Bank : Telephone : 0 212 371 37 37
Fax : 0 212 371 42 42
Bank's Website : www.burgan.com.tr
Contact E-mail : bilgi@burgan.com.tr

The consolidated financial audit report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency.

- **Section One** **GENERAL INFORMATION ABOUT THE GROUP**
- **Section Two** **CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP**
- **Section Three** **EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD**
- **Section Four** **INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP**
- **Section Five** **EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**
- **Section Six** **OTHER EXPLANATIONS**
- **Section Seven** **EXPLANATIONS ON INDEPENDENT AUDIT REPORT**

Investments in associates, subsidiaries and joint ventures whose financial statements have been consolidated in this reporting package are as follows:

Subsidiaries	Associates	Joint Ventures
1. Burgan Finansal Kiralama A.Ş.	-	-
2. Burgan Yatırım Menkul Değerler A.Ş.	-	-

The accompanying consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira ("TL"), have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been audited.

15 February 2023

Emin Hakan EMİNSOY
Chairman of the Board of
Directors

Ali Murat DİNÇ
Member of the Board of
Directors and
General Manager

Zeynep BOZKURT
Deputy Chief Executive
Officer, Vice General
Manager of Financial
Affairs

Bahadır AKSU
Head of Accounting,
Tax, and Reporting Unit

Mehmet Alev GÖÇMEZ
Head of the Audit Committee

Khaled F.A.O. ALZOUHAN
Member of the Audit Committee

Fadhil M. GH. A. ABDULLAH
Member of the Audit Committee

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname / Title : Bahadır AKSU / Director
Telephone Number : 0 212 371 34 88
Fax Number : 0 212 371 42 48

TABLE OF CONTENTS

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

	<u>PAGE</u>
I. Parent Bank's foundation date, start-up statute, history about the changes in this mentioned statute	3
II. Explanation about the Parent Bank's capital structure, shareholders of the Parent Bank who are in charge of the management and/or auditing of the Parent Bank directly or indirectly, changes in these matters (if any) and the group the Parent Bank belongs to	4
III. Explanation on the board of directors, members of the audit committee, president and executive vice presidents, changes in these matters (if any) and shares of the Parent Bank they possess	5
IV. Explanation on shareholders having control shares in the Parent Bank	6
V. Information on the Parent Bank's service type and field of operations	6
VI. Differences between the communique on preparation of consolidated financial statements of banks and Turkish Accounting Standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods	6
VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the parent bank and its subsidiaries	6

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

I. Consolidated balance sheet (statement of financial position)	8
II. Consolidated off-balance sheet commitments	10
III. Consolidated statement of profit or loss	11
IV. Consolidated statement of profit or loss and other comprehensive income	12
V. Consolidated statement of changes in shareholders' equity	13
VI. Consolidated statement of cash flows	15
VII. Consolidated statement of profit appropriation	16

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD

I. Basis of presentation	17
II. Explanations on strategy of using financial instruments and foreign currency transactions	18
III. Explanations on investments in consolidated associates, subsidiaries and joint ventures	19
IV. Explanations on forward transactions, options and derivative instruments	20
V. Explanations on interest income and expenses	20
VI. Explanations on fee and commission income and expense	20
VII. Explanations on financial assets	21
VIII. Explanations on expected credit losses	23
IX. Explanations on offsetting financial assets	26
X. Explanations on sales and repurchase agreements and securities lending transactions	26
XI. Explanations on tangible assets held for resale, discontinued operations and liabilities regarding those assets	26
XII. Explanations on goodwill and other intangible assets	27
XIII. Explanations on property and equipment	27
XIV. Explanations on leasing transactions	28
XV. Explanations on provisions and contingent commitments	29
XVI. Explanations on contingent assets	29
XVII. Explanations on obligations related to employee rights	30
XVIII. Explanations on taxation	30
XIX. Explanations on borrowings	32
XX. Explanations on issuance of share certificates	32
XXI. Explanations on avalized drafts and acceptances	32
XXII. Explanations on government grants	32
XXIII. Explanations on profit reserves and profit distribution	32
XXIV. Explanations on earnings per share	33
XXV. Explanations on related parties	33
XXVI. Explanations on cash and cash equivalents	33
XXVII. Explanations on segment reporting	33
XXVIII. Reclassifications	33

SECTION FOUR

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS

I. Explanations on consolidated equity	34
II. Explanations on consolidated credit risk	39
III. Explanations on consolidated risk management	53
IV. Explanations on consolidated operational risk	85
V. Explanations on consolidated currency risk	86
VI. Explanations on consolidated interest rate risk	89
VII. Explanations on consolidated share certificate position risk	92
VIII. Explanations on consolidated liquidity risk management and the consolidated liquidity coverage ratio	93
IX. Explanations on consolidated leverage ratio	101
X. Explanations on hedge transactions	102
XI. Explanations on the presentation of financial assets and liabilities at their fair values	103
XII. Explanations on the activities carried out on behalf and account of other parties	105
XIII. Explanations on operating segments	106

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to consolidated assets	108
II. Explanations and notes related to consolidated liabilities	123
III. Explanations and notes related to consolidated off-balance sheet accounts	134
IV. Explanations and notes related to consolidated income statement	137
V. Explanations and notes related to changes in shareholders' equity	144
VI. Explanations and notes related to statement of cash flows	145
VII. Explanations and notes related to Group's risk group	146
VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the parent bank	148
IX. Explanations and notes related to subsequent events	148

SECTION SIX

OTHER EXPLANATIONS

I. Other explanations related to the Group's operations	149
---	-----

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDIT REPORT

III. Explanations on independent audit report	149
IV. Explanations and notes prepared by the independent auditor	149

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

I. PARENT BANK'S FOUNDATION DATE, START-UP STATUTE, HISTORY ABOUT THE CHANGES IN THIS MENTIONED STATUTE:

Tekfen Yatırım ve Finansman Bankası A.Ş. was established as an "investment bank" with the permission of the Council of Ministers No. 88/13253 on 26 August 1988 and authorised to conduct finance investment and foreign trade activities. Banking operations commenced on 7 August 1989.

Bank Ekspres A.Ş. ("Bank Ekspres") was established with the permission of the Council of Ministers in decision No. 91/2316 on 22 September 1991; "The Decree of Establishment Permission" was published in the Official Gazette numbered 21017 and dated 10 October 1991. The Articles of Association was published in the Trade Registry Gazette numbered 2969 and dated 18 February 1992. The Turkish Savings Deposit and Insurance Fund ("SDIF") took over the management of Bank Ekspres A.Ş. due to the poor fiscal structure of the bank on 23 October 1998.

According to the Share Transfer Agreement signed between the SDIF and Tekfen Holding A.Ş. on 30 June 2001, 2,983,800,000 shares with a nominal value of Kr1 each and which amount to 99.46% of the capital of Bank Ekspres A.Ş. under the control of the SDIF in accordance with Banking Law were transferred to Tekfen Holding A.Ş.. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., where Tekfen Holding A.Ş. owns 57.69% of the Bank, by Bank Ekspres A.Ş. was permitted by the Banking Regulation and Supervision Agency's ("BRSA") decision numbered 489 dated 18 October 2001. The share transfers were realised on 26 October 2001 and the Bank's name was changed to Tekfenbank Anonim Şirketi, which had two main shareholders: Tekfen Holding A.Ş. with 57.30% and TST International S.A. with 40.62%.

EFG Eurobank Ergasias S.A. ("Eurobank EFG") and Tekfen Holding A.Ş. ("Tekfen Group") signed an agreement as of 8 May 2006, that anticipated Eurobank EFG to purchase Tekfen Group's 70% share in Tekfenbank A.Ş. and Tekfen Finansal Kiralama A.Ş. which is fully owned by Tekfenbank; where Tekfen Group retained its strategic partnership by keeping all remaining shares. On 23 February 2007, the sale of Tekfenbank A.Ş. to Eurobank EFG Holding (Luxembourg) S.A. ("Eurobank EFG Holding") was approved by the BRSA and the sale was completed after the share transfer on 16 March 2007.

Under the agreement regarding the sale of Eurobank Ergasias S.A.'s Turkey operations to Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K), 70% of the bank shares belonging to Eurobank EFG Holding (Luxemburg) S.A. and 29.26% of the shares belonging to Tekfen Holding A.Ş. are bought by Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K) in 7 December 2012 in accordance with the Banking Regulation and Supervision Agency's authorization, and then 99.26% of the bank shares are turned over to Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K) in 21 December 2012.

At the Extraordinary Board of Directors meeting on 23 January 2013, the title of the Bank has been decided to change from Eurobank Tekfen A.Ş. to Burgan Bank A.Ş. ("the Bank"), and has been registered to the Turkish Trade Registry as of 25 January 2013.

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

GENERAL INFORMATION ABOUT THE GROUP (Continued):

II. EXPLANATION ABOUT THE PARENT BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE PARENT BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE PARENT BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE PARENT BANK BELONGS TO:

The Bank's registered capital ceiling is 4 billion full TL.

The Bank's capital amounting to full TL 2,655,500,000 has been registered.

In accordance with the Decision of the Board of Directors of the Bank dated 12 May 2022 and numbered 2022/19, the required permission was obtained from Banking Regulation and Supervision Agency regarding increasing the capital amounting to TL 1,890,000,000 by TL 765,500,000 to TL 2,655,500,000, being within the limit of registered capital ceiling amounting to TL 4,000,000,000, and it was notified that there is no objection for consummation of transactions regarding the capital increase. In this context, the capital amount provided by the shareholders were transferred to the paid-in capital account and it is registered and announced in the Turkish Trade Registry Gazette dated 22 June 2022 and numbered 10604.

There is no change in the shareholding structure of the Bank.

Founded in 1977, Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K), as an affiliate of KIPCO Group (Kuwait Projects Company), one of the largest holding groups of the MENA region (Middle East and North Africa), is among the significant banking groups in the region. Besides Kuwait, Burgan Bank Group also operates as a main shareholder with its affiliate banks in Algeria (Gulf Bank Algeria), Iraq (Bank of Baghdad), and Tunisia (Tunis International Bank).

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

GENERAL INFORMATION ABOUT THE BANK (Continued):

III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE BANK THEY POSSESS:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Emin Hakan Eminsoy	Chairman of the Board of Directors	Undergraduate
Board of Directors Members: (*) (***)	Abdelkarim A. S. Kabariti	Deputy Chairman	Undergraduate
	Mehmet Alev Göçmez	Member	Graduate
	Khaled F.A.O. Alzouman	Member	Undergraduate
	Hasan Kılıç	Member	Undergraduate
	Fadhil M. GH. A. Abdullah	Member	Undergraduate
	Mohammad M. A. H. S. Almael	Member	Graduate
	Moustapha Chami	Member	Graduate
	Ali Murat Dinç	Member and General Manager	Graduate
General Manager:	Ali Murat Dinç	Member and General Manager	Graduate
Deputy General Managers:	Suat Kerem Sözügüzel	Commercial & Corporate Banking	Graduate
	Zeynep Bozkurt	Financial Affairs	Graduate
Vice General Managers: (**)	Esra Aydın	Operations & Management Services	Graduate
	Cihan Vural	Internal Systems	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Suat Kerem Sözügüzel	Commercial & Corporate Banking	Graduate
	Banu Ertürk	Loans Monitoring and Legal Follow-Up	Undergraduate
	Daço Akkaranfil	Information Technologies	Graduate
	Zeynep Bozkurt	Financial Affairs	Graduate
	Ayşen Aslı Koçer	Savings Management	Undergraduate
	Yener Yazlalı	Credits	Graduate
	Halil Özcan	Digital Banking	Undergraduate
	Tuba Onay Ergelen	Risk Management	Undergraduate
	Erdal Arda Türerer	Treasury, Capital Markets and Financial Institutions	Graduate
Audit Committee:	Hasan Kılıç	Committee President	Undergraduate
	Khaled F.A.O. Alzouman	Member	Undergraduate
	Moustapha Chami	Member	Graduate

(*) Board Member Osama T. Al Ghousein resigned on 31 March 2022.

(**) Halil Özcan took office as Assistant General Manager of Digital Banking on 21 February 2022. Tuba Onay Ergelen was promoted as the Assistant General Manager of Risk Management on 1 March 2022. Erdal Arda Türerer was promoted on 1 March 2022 as Assistant General Manager of Treasury, Capital Markets and Financial Institutions.

(***) Moustapha Chami took office as a Member of the Board of Directors on 15 June 2022.

(****) At the Board of Directors meeting dated 27 July 2022, Hasan Kılıç was elected as the Chairman of the Audit Committee and Moustapha Chami as a Member of the Audit Committee.

There is no share of the above individuals in the Bank.

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

GENERAL INFORMATION ABOUT THE BANK (Continued):

IV. EXPLANATION ON SHAREHOLDERS HAVING CONTROL SHARES IN THE PARENT BANK:

Name/Commercial title	Share Amounts	Share percentage	Paid-in Capital	Unpaid portion
Burgan Bank K.P.S.C.	2,639,882	99.41%	99.41%	-

Based on the Principal Agreement, the Bank has 1 million founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

V. INFORMATION ON THE PARENT BANK'S SERVICE TYPE AND FIELD OF OPERATIONS:

As of 31 December 2022, the Parent Bank, whose headquarter located in Istanbul, has 32 branches operating in Turkey (31 December 2021: 32). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2022, the Group has 1,138 (31 December 2021: 1,042) employees.

VI. DIFFERENCES BETWEEN THE COMMUNIQUÉ ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS

None.

VII. CURRENT OR LIKELY ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES:

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

- I. Consolidated balance sheet (Consolidated Statement of financial position)
- II. Consolidated off-balance sheet commitments
- III. Consolidated statement of profit or loss
- IV. Consolidated statement of profit or loss and other comprehensive income
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows
- VII. Consolidated statement of profit appropriation

BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. BALANCE SHEET	ASSETS	Note (Section Five)	Audited 31/12/2022			Audited 31/12/2021		
			TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)			6,574,865	8,627,401	15,202,266	3,983,893	6,679,992	10,663,885
1.1 Cash and Cash Equivalents			3,739,061	6,741,529	10,480,590	727,412	6,263,309	6,990,721
1.1.1 Cash and Balances at Central Bank	I-a		1,219,549	5,629,209	6,848,758	451,718	5,940,133	6,391,851
1.1.2 Banks	I-c		640,327	1,112,320	1,752,647	233,250	323,176	556,426
1.1.3 Receivables from Money Markets			1,879,256	-	1,879,256	42,500	-	42,500
1.1.4 Expected Credit Losses (-)			71	-	71	56	-	56
1.2 Financial Assets at Fair Value Through Profit or Loss		I-b	478,779	124,703	603,482	16,198	118,796	134,994
1.2.1 Public Debt Securities			382,718	18,311	401,029	599	1,789	2,388
1.2.2 Equity Instruments			-	-	-	-	-	-
1.2.3 Other Financial Assets			96,061	106,392	202,453	15,599	117,007	132,606
1.3 Financial Assets at Fair Value Through Other Comprehensive Income		I-d	1,341,741	284,890	1,626,631	573,771	110,379	684,150
1.3.1 Public Debt Securities			1,334,067	262,162	1,596,229	566,097	93,408	659,505
1.3.2 Equity Instruments			7,674	22,728	30,402	7,674	16,971	24,645
1.3.3 Other Financial Assets			-	-	-	-	-	-
1.4 Derivative Financial Assets		I-l	1,015,284	1,476,279	2,491,563	2,666,512	187,508	2,854,020
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss			110,344	143,897	254,241	1,097,495	62,808	1,160,303
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income			904,940	1,332,382	2,237,322	1,569,017	124,700	1,693,717
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)			24,713,570	20,192,572	44,906,142	12,574,054	16,219,020	28,793,074
2.1 Loans		I-e-f	20,580,816	16,514,042	37,094,858	12,442,675	13,656,299	26,098,974
2.2 Receivables from Leasing Transactions		I-k	1,544,119	3,217,772	4,761,891	1,100,363	2,965,523	4,065,886
2.3 Factoring Receivables		I-e-f	-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost		I-g	3,679,178	1,701,528	5,380,706	-	1,023,468	1,023,468
2.4.1 Public Debt Securities			3,679,178	1,701,528	5,380,706	-	1,023,468	1,023,468
2.4.2 Other Financial Assets			-	-	-	-	-	-
2.5 Expected Credit Losses (-)		I-e-f	1,090,543	1,240,770	2,331,313	968,984	1,426,270	2,395,254
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)		I-r	855,289	-	855,289	1,039,012	-	1,039,012
3.1 Held for Sale			855,289	-	855,289	1,039,012	-	1,039,012
3.2 Held from Discontinued Operations			-	-	-	-	-	-
INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES			-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES (Net)		I-h	-	-	-	-	-	-
4.1.1 Associates Accounted by Using Equity Method			-	-	-	-	-	-
4.1.2 Non-consolidated Associates			-	-	-	-	-	-
4.2 Investments in Subsidiaries (Net)		I-i	-	-	-	-	-	-
4.2.1 Non-Consolidated Financial Subsidiaries			-	-	-	-	-	-
4.2.2 Non-Consolidated Non-Financial Subsidiaries			-	-	-	-	-	-
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)		I-j	-	-	-	-	-	-
4.3.1 Jointly Controlled Partnerships Accounted by Using Equity Method			-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnerships			-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		I-m	1,583,273	-	1,583,273	815,278	-	815,278
VI. INTANGIBLE ASSETS (Net)		I-n	86,599	-	86,599	53,411	-	53,411
6.1 Goodwill			-	-	-	-	-	-
6.2 Other			86,599	-	86,599	53,411	-	53,411
VII. INVESTMENT PROPERTIES (Net)		I-o	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS			29,604	-	29,604	3,181	-	3,181
IX. DEFERRED TAX ASSETS		I-p	164,843	-	164,843	24,416	-	24,416
X. OTHER ASSETS (Net)		I-s	804,331	115,643	919,974	539,405	40,119	579,524
TOTAL ASSETS			34,812,374	28,935,616	63,747,990	19,032,650	22,939,131	41,971,781

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. BALANCE SHEET	Note (Section Five)	Audited 31/12/2022			Audited 31/12/2021		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	25,160,517	14,553,031	39,713,548	6,077,888	18,285,287	24,363,175
II. LOANS RECEIVED	II-c	819,207	6,638,570	7,457,777	182,243	8,087,012	8,269,255
III. MONEY MARKET FUNDS		1,055,388	600,907	1,656,295	62,155	210,613	272,768
IV. MARKETABLE SECURITIES (Net)	II-d	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	II-b	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-g	194,368	260,139	454,507	516,741	71,046	587,787
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		60,080	239,710	299,790	429,359	40,318	469,677
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		134,288	20,429	154,717	87,382	30,728	118,110
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	II-f	83,046	-	83,046	76,060	-	76,060
X. PROVISIONS	II-h	236,796	716,803	953,599	93,583	161,447	255,030
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Reserves for Employee Benefits		209,824	-	209,824	77,483	-	77,483
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		26,972	716,803	743,775	16,100	161,447	177,547
XI. CURRENT TAX LIABILITIES	II-i	467,947	-	467,947	60,533	-	60,533
XII. DEFERRED TAX LIABILITIES	II-i	159,992	-	159,992	13,440	-	13,440
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	II-j	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	II-k	-	3,771,359	3,771,359	-	3,347,213	3,347,213
14.1 Loans		-	3,771,359	3,771,359	-	3,347,213	3,347,213
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-e	1,145,311	2,790,659	3,935,970	551,187	1,700,924	2,252,111
XVI. SHAREHOLDERS' EQUITY	II-l	4,479,688	614,262	5,093,950	2,464,139	10,270	2,474,409
16.1 Paid-in Capital		2,655,500	-	2,655,500	1,890,000	-	1,890,000
16.2 Capital Reserves		(6,321)	-	(6,321)	(2,532)	-	(2,532)
16.2.1 Equity Share Premiums		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(6,321)	-	(6,321)	(2,532)	-	(2,532)
16.3 Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit Or Loss		12,624	-	12,624	24,222	-	24,222
16.4 Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss		171,051	614,262	785,313	123,047	10,270	133,317
16.5 Profit Reserves		429,402	-	429,402	124,587	-	124,587
16.5.1 Legal Reserves		31,287	-	31,287	25,728	-	25,728
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		398,010	-	398,010	98,754	-	98,754
16.5.4 Other profit Reserves		105	-	105	105	-	105
16.6 Profit or Loss		1,217,432	-	1,217,432	304,815	-	304,815
16.6.1 Prior years' Profits or Losses		15,708	-	15,708	-	-	-
16.6.2 Current Period Net Profit or Loss		1,201,724	-	1,201,724	304,815	-	304,815
16.7 Minority Shares		-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES		33,802,260	29,945,730	63,747,990	10,097,969	31,873,812	41,971,781

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.
CONSOLIDATED OFF-BALANCE SHEETS COMMITMENTS
AS OF 31 DECEMBER 2022 AND 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. OFF-BALANCE SHEET	Note (Section Five)	Audited 31/12/2022			Audited 31/12/2021		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		29,264,213	67,232,593	96,496,806	13,597,786	53,743,963	67,341,749
I. GUARANTEES AND WARRANTIES	III-a-2-3	5,307,122	4,801,663	10,108,785	1,664,992	5,381,558	7,046,550
1.1. Letters of Guarantee		3,825,522	1,526,334	5,351,856	1,592,992	1,495,196	3,088,188
1.1.1. Guarantees Subject to State Tender Law		11,621	789	12,410	13,542	562	14,104
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		3,813,901	1,525,545	5,339,446	1,579,450	1,494,634	3,074,084
1.2. Bank Acceptances		35,400	13,267	48,667	-	209,466	209,466
1.2.1. Import Letter of Acceptance		35,400	13,267	48,667	-	209,466	209,466
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		40,000	2,537,801	2,577,801	-	2,515,966	2,515,966
1.3.1. Documentary Letters of Credit		40,000	2,537,801	2,577,801	-	2,515,966	2,515,966
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		1,406,200	724,261	2,130,461	72,000	1,160,930	1,232,930
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-a-1	515,729	609,013	1,124,742	1,243,073	1,127,229	2,370,302
2.1. Irrevocable Commitments		515,729	609,013	1,124,742	1,243,073	1,127,229	2,370,302
2.1.1. Asset Purchase and Sales Commitments		185,000	609,013	794,013	785,280	1,127,229	1,912,509
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Commitments for Loan Limits		172,366	-	172,366	295,348	-	295,348
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		98,941	-	98,941	81,744	-	81,744
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		59,422	-	59,422	80,701	-	80,701
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		23,441,362	61,821,917	85,263,279	10,689,721	47,235,176	57,924,897
3.1. Hedging Derivative Financial Instruments		3,207,042	27,510,897	30,717,939	2,088,375	15,177,059	17,265,434
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		3,207,042	27,510,897	30,717,939	2,088,375	15,177,059	17,265,434
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Derivative Financial Instruments		20,234,320	34,311,020	54,545,340	8,601,346	32,058,117	40,659,463
3.2.1. Forward Foreign Currency Buy/Sell Transactions		958,200	1,101,744	2,059,944	48,381	448,470	496,851
3.2.1.1. Forward Foreign Currency Transactions-Buy		958,200	86,278	1,044,478	43,169	201,015	244,184
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	1,015,466	1,015,466	5,212	247,455	252,667
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		7,174,249	19,648,293	26,822,542	7,754,676	28,879,115	36,633,791
3.2.2.1. Foreign Currency Swap-Buy		2,080,567	10,058,064	12,138,631	543,994	14,059,378	14,603,372
3.2.2.2. Foreign Currency Swap-Sell		4,593,682	7,532,051	12,125,733	7,000,682	7,033,817	14,034,499
3.2.2.3. Interest Rate Swap-Buy		250,000	1,029,089	1,279,089	105,000	3,892,960	3,997,960
3.2.2.4. Interest Rate Swap-Sell		250,000	1,029,089	1,279,089	105,000	3,892,960	3,997,960
3.2.3. Foreign Currency, Interest rate and Securities Options		11,613,515	13,093,525	24,707,040	648,267	2,602,574	3,250,841
3.2.3.1. Foreign Currency Options-Buy		9,851,777	2,647,813	12,499,590	545,677	960,786	1,506,463
3.2.3.2. Foreign Currency Options-Sell		1,761,738	10,445,712	12,207,450	102,590	1,641,788	1,744,378
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		488,356	467,458	955,814	150,022	127,958	277,980
3.2.4.1. Foreign Currency Futures-Buy		488,356	-	488,356	111,427	39,987	151,414
3.2.4.2. Foreign Currency Futures-Sell		-	467,458	467,458	38,595	87,971	126,566
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		169,615,321	448,534,685	618,150,006	114,324,622	250,367,076	364,691,698
IV. ITEMS HELD IN CUSTODY		13,610,861	8,544,173	22,155,034	4,160,091	4,302,006	8,462,097
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		8,957,723	8,189,953	17,147,676	1,948,822	2,878,374	4,827,196
4.3. Cheques Received for Collection		3,155,875	60,224	3,216,099	1,937,439	253,096	2,190,535
4.4. Commercial Notes Received for Collection		15,016	17,118	32,134	20,454	13,707	34,161
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		1,482,247	276,878	1,759,125	253,376	1,156,829	1,410,205
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		155,784,284	439,990,512	595,774,796	109,944,355	246,065,070	356,009,425
5.1. Marketable Securities		1,365,501	1,365,501	2,731,002	171,003	-	171,003
5.2. Guarantee Notes		25,904,515	52,650,268	78,554,783	22,484,916	39,594,685	62,079,601
5.3. Commodity		2,757,975	1,912,416	4,670,391	3,718,689	4,914,930	8,633,619
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		110,957,551	227,890,780	338,848,331	73,481,708	87,762,595	161,244,303
5.6. Other Pledged Items		14,798,742	157,537,048	172,335,790	10,088,039	113,792,860	123,880,899
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		220,176	-	220,176	220,176	-	220,176
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		198,879,534	515,767,278	714,646,812	127,922,408	304,111,039	432,033,447

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE PERIODS ENDED 31 DECEMBER 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V.	STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS	Note (Section Five)	Audited 01/01/2022-31/12/2022	Audited 01/01/2021-31/12/2021
I.	INTEREST INCOME	IV-a	6,768,857	2,756,003
1.1	Interest Received From Loans		4,215,862	1,828,336
1.2	Interest Received From Reserve Deposits		11,002	38,292
1.3	Interest Received From Banks		84,474	51,440
1.4	Interest Received From Money Market Transactions		124,587	18,813
1.5	Interest Received From Marketable Securities Portfolio		754,852	107,885
1.5.1	Financial Assets at Fair Value Through Profit or Loss		15,250	2,031
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		255,509	61,290
1.5.3	Financial Assets Measured at Amortized Cost		484,093	44,564
1.6	Finance Lease Interest Income		396,244	275,149
1.7	Other Interest Income	IV-l	1,181,836	436,088
II.	INTEREST EXPENSES (-)	IV-b	4,889,567	2,017,426
2.1	Interest on Deposits		2,732,999	1,045,905
2.2	Interest on Funds Borrowed		585,544	309,332
2.3	Interest on Money Market Transactions		108,276	5,141
2.4	Interest on Securities Issued		4,633	-
2.5	Finance Lease Interest Expenses		13,262	11,609
2.6	Other Interest Expenses	IV-l	1,444,853	645,439
III.	NET INTEREST INCOME/EXPENSE (I - II)		1,879,290	738,577
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		325,385	44,330
4.1	Fees and Commissions Received		388,697	67,069
4.1.1	Non-Cash Loans		48,691	35,667
4.1.2	Other	IV-l	340,006	31,402
4.2	Fees and Commissions Paid (-)		63,312	22,739
4.2.1	Non-Cash Loans (-)		1,932	110
4.2.2	Other (-)	IV-l	61,380	22,629
V.	DIVIDEND INCOME	IV-c	24	46
VI.	TRADING PROFIT/LOSS (Net)	IV-d	298,839	179,493
6.1	Profit/Losses From Capital Market Transactions		147,737	30,611
6.2	Profit/Losses From Derivative Financial Transactions		(84,929)	(7,787)
6.3	Foreign Exchange Profit/Losses		236,031	156,669
VII.	OTHER OPERATING INCOME	IV-e	562,364	337,341
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI)		3,065,902	1,299,787
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-f	(379,984)	309,356
X.	OTHER PROVISION EXPENSES (-)	IV-f	501,285	-
XI.	PERSONNEL EXPENSES (-)		615,873	303,110
XII.	OTHER OPERATING EXPENSES (-)	IV-g	560,022	304,933
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		1,768,706	382,388
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	IV-h	1,768,706	382,388
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-i	(566,982)	(77,573)
18.1	Current Tax Provision		765,612	5,284
18.2	Expense Effect of Deferred Tax (+)		295,378	481,929
18.3	Income Effect of deferred tax (-)		494,008	409,640
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-j	1,201,724	304,815
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income From Assets Held For Sale		-	-
20.2	Profit From Sale of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Other Income From Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on Assets Held For Sale		-	-
21.2	Losses From Sale of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Other Expenses From Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Provision		-	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	IV-k	1,201,724	304,815
25.1	Group's Profit / Loss		1,201,724	304,815
25.2	Minority Shares' Profit / Loss (-)		-	-
	Profit / (Loss) per share (1.000 nominal in TL full)		5,135	1,690

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited 31/12/2022	Audited 31/12/2021
I. CURRENT PERIOD INCOME/LOSS	1,201,724	304,815
II. OTHER COMPREHENSIVE INCOME	640,398	146,228
2.1 Items that will not be Reclassified to Profit or Loss	(11,598)	6,266
2.1.1 Increases/Decreases in Revaluation of Tangible Assets	22,945	11,914
2.1.2 Increases/Decreases in Revaluation Differences of Intangible Assets	-	-
2.1.3 Defined Benefit Plans Re-Measurement Gains / Loss	(41,648)	(5,571)
2.1.4 Other Comprehensive Income not to be Reclassified as Other Profit or Loss	-	-
2.1.5 Other Comprehensive Income not to be Reclassified to Profit or Loss	7,105	(77)
2.2 Items that will be Reclassified to Profit or Loss	651,996	139,962
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Gains/Losses on Valuation or Reclassification Arising from Financial Assets at Fair Value Through Other Comprehensive Income	151,474	(70,998)
2.2.3 Gains/Losses Arising on Cash Flow Hedges	728,090	238,623
2.2.4 Gains/Losses Arising on Net Investment Hedges	-	-
2.2.5 Other Comprehensive Income to be Reclassified as Other Profit or Loss	-	-
2.2.6 Taxes Related to Other Comprehensive Income that will be Reclassified to Profit or Loss	(227,568)	(27,663)
III. TOTAL COMPREHENSIVE INCOME (I+II)	1,842,122	451,043

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss			Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss								
Audited CURRENT PERIOD 31.12.2022	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit / (Loss)	Current Period Net Income or Loss	Total Shareholders' Equity Except From Minority Interest	Minority Interest	Total Shareholders' Equity
I. Prior Period End Balance	II-I	1,890,000	-	-	(2,532)	34,176	(9,954)	-	-	(52,206)	185,523	124,587	304,815	-	2,474,409	-	2,474,409
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1,890,000	-	-	(2,532)	34,176	(9,954)	-	-	(52,206)	185,523	124,587	304,815	-	2,474,409	-	2,474,409
IV. Total Comprehensive Income		-	-	-	-	19,129	(30,727)	-	-	116,869	535,127	-	-	1,201,724	1,842,122	-	1,842,122
V. Capital Increase in Cash		765,500	-	-	-	-	-	-	-	-	-	-	-	-	765,500	-	765,500
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain or Loss related to Other Changes		-	-	-	(3,789)	-	-	-	-	-	-	-	15,708	-	11,919	-	11,919
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	304,815	(304,815)	-	-	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	304,815	(304,815)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		2,655,500	-	-	(6,321)	53,305	(40,681)	-	-	64,663	720,650	429,402	15,708	1,201,724	5,093,950	-	5,093,950

1. Tangible assets revaluations increases / decreases,

2. Accumulated re-measurement gains / (losses) of defined benefit plans,

3. Other (the share of other comprehensive income of the investments accounted by the equity method that cannot be classified as profit / (loss) and the accumulated amount of other comprehensive income items that will not be reclassified as other profit / (loss)),

4. Foreign currency translation differences,

5. Accumulated revaluation and / or classification gains / (losses) on financial assets at fair value through other comprehensive income,

6. Other (Cash flow hedging gains / (losses), share of other comprehensive income of equity method investees classified as profit / (loss) and accumulated other comprehensive income to be reclassified as other profit or (loss)).

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss			Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss								
Audited PRIOR PERIOD 31.12.2021	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit / (Loss)	Current Period Net Income or Loss	Total Shareholders' Equity Except From Minority Interest	Minority Interest	Total Shareholders' Equity
I. Prior Period End Balance	II-I	1,535,000	-	-	(736)	23,452	(5,496)	-	-	3,592	(10,237)	398,179	(273,697)	-	1,670,057	-	1,670,057
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1,535,000	-	-	(736)	23,452	(5,496)	-	-	3,592	(10,237)	398,179	(273,697)	-	1,670,057	-	1,670,057
IV. Total Comprehensive Income		-	-	-	-	10,724	(4,458)	-	-	(55,798)	195,760	-	-	304,815	451,043	-	451,043
V. Capital Increase in Cash		355,000	-	-	-	-	-	-	-	-	-	-	-	-	355,000	-	355,000
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain or Loss related to Other Changes		-	-	-	(1,796)	-	-	-	-	-	-	105	-	-	(1,691)	-	(1,691)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	(273,697)	273,697	-	-	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	(273,697)	273,697	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1,890,000	-	-	(2,532)	34,176	(9,954)	-	-	(52,206)	185,523	124,587	-	304,815	2,474,409	-	2,474,409

1. Tangible assets revaluations increases / decreases,

2. Accumulated re-measurement gains / (losses) of defined benefit plans,

3. Other (the share of other comprehensive income of the investments accounted by the equity method that cannot be classified as profit / (loss) and the accumulated amount of other comprehensive income items that will not be reclassified as other profit / (loss)),

4. Foreign currency translation differences,

5. Accumulated revaluation and / or classification gains / (losses) on financial assets at fair value through other comprehensive income,

6. Other (Cash flow hedging gains / (losses), share of other comprehensive income of equity method investees classified as profit / (loss) and accumulated other comprehensive income to be reclassified as other profit or (loss)).

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS
AS OF 31 DECEMBER 2022 AND 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	Audited 31/12/2022	Audited 31/12/2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		2,376,029	(614,655)
1.1.1 Interest Received		6,279,291	2,725,624
1.1.2 Interest Paid		(4,494,271)	(1,985,149)
1.1.3 Dividend Received		24	46
1.1.4 Fees and Commissions Received		294,010	34,979
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		603,586	462,715
1.1.7 Payments to Personnel and Service Suppliers		(615,873)	(303,110)
1.1.8 Taxes Paid		(43,408)	(21,502)
1.1.9 Other	VI-b	352,670	(1,528,258)
1.2 Changes in Operating Assets and Liabilities		4,826,954	1,152,594
1.2.1 Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss		(456,151)	(53,897)
1.2.2 Net (Increase)/Decrease in Due from Banks and Other Financial Institutions		(159,051)	(1,991,197)
1.2.3 Net (Increase)/Decrease in Loans		(10,969,075)	(8,381,926)
1.2.4 Net (Increase)/Decrease in Other Assets		(2,284,347)	(2,280,621)
1.2.5 Net Increase/(Decrease) in Bank Deposits		(321,070)	360,807
1.2.6 Net Increase/(Decrease) in Other Deposits		15,671,200	10,154,647
1.2.7 Net Increase/(Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		(311,356)	(31,673)
1.2.8 Net Increase/(Decrease) in Funds Borrowed		(471,029)	2,728,764
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities	VI-b	4,127,833	647,690
I. Net Cash Provided from Banking Operations		7,202,983	537,939
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(4,762,872)	(40,885)
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(1,006,918)	(44,281)
2.4 Disposals of Property and Equipment		685,720	338,004
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(2,086,080)	(754,383)
2.6 Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income		1,316,055	483,180
2.7 Purchased Financial Assets at Amortized Cost		(3,975,531)	(228,699)
2.8 Sold Financial Assets at Amortized Cost		303,882	165,294
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		725,465	324,354
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		765,500	355,000
3.4 Dividends Paid		-	-
3.5 Payments for Leases		(40,035)	(30,646)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	VI-b	186,403	431,253
V. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)		3,351,979	1,252,661
VI. Cash and Cash Equivalents at Beginning of the Period	VI-a	3,410,630	2,157,969
VII. Cash and Cash Equivalents at End of the Period	VI-a	6,762,609	3,410,630

The accompanying explanations and notes form an integral part of these financial statements.

BURGAN BANK A.Ş.
CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE PERIOD ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VII. STATEMENT OF PROFIT APPROPRIATION	(31/12/2022)(*)	(31/12/2021) (**)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1. CURRENT YEAR INCOME	1,651,186	344,442
1.2. TAXES AND DUTIES PAYABLE (-)	449,462	39,627
1.2.1. Corporate Tax (Income tax)	756,083	-
1.2.2. Income Withholding Tax	-	-
1.2.3. Other Tax and Legal Liabilities (***)	(306,621)	39,627
A. NET INCOME FOR THE YEAR (1.1-1.2) (****)	1,201,724	304,815
1.3. PRIOR YEAR LOSSES (-)	-	-
1.4. FIRST LEGAL RESERVES (-)	-	-
1.5. OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	-	304,815
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1. To Owners of Ordinary Shares	-	-
1.6.2. To Owners of Privileged Shares	-	-
1.6.3. To Owners of Preferred Shares	-	-
1.6.4. To Profit Sharing Bonds	-	-
1.6.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.7. DIVIDENDS TO PERSONNEL (-)	-	-
1.8. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1. To Owners of Ordinary Shares	-	-
1.9.2. To Owners of Privileged Shares	-	-
1.9.3. To Owners of Preferred Shares	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.10. SECOND LEGAL RESERVES (-)	-	-
1.11. STATUTORY RESERVES (-)	-	-
1.12. EXTRAORDINARY RESERVES	-	304,815
1.13. OTHER RESERVES	-	-
1.14. SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1. APPROPRIATED RESERVES	-	-
2.2. SECOND LEGAL RESERVES (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1. To Owners of Ordinary Shares	-	-
2.3.2. To Owners of Privileged Shares	-	-
2.3.3. To Owners of Preferred Shares	-	-
2.3.4. To Profit Sharing Bonds	-	-
2.3.5. To Holders of Profit and Loss Sharing Certificates	-	-
2.4. DIVIDENDS TO PERSONNEL (-)	-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1. TO OWNERS OF ORDINARY SHARES	-	-
3.2. TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3. TO OWNERS OF PRIVILEGED SHARES	-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1. TO OWNERS OF ORDINARY SHARES	-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3. TO OWNERS OF PRIVILEGED SHARES	-	-
4.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) As of the preparation date of the financial statements, the General Assembly meeting of the Bank has not been held yet.

(**) It contains the information on the "Dividend Distribution Statement" approved at the Bank's Ordinary General Assembly held on 25 March 2022.

(***) It has been considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be qualified as cash or internal resources, and therefore, the part of the period profit arising from the said assets should not be subject to profit distribution and capital increase. The deferred tax income that will not be subject to distribution as of 31 December 2022 is TL 306,621 (31 December 2021: Deferred Tax Expense TL 39,627).

(****) TL 314,504 in net profit for the period consists of TAS 27 adjustments (31 December 2021: TL 90,033).

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD

I. BASIS OF PRESENTATION:

- a. The preparation of the consolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures numbered 5411 Regarding Banks' Accounting Application and Keeping Documents:**

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations (all "Turkish Accounting Standards" or "TAS") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced unconsolidated financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué related to Publicly Announced Financial Statements of Banks and Explanations and Notes to related to these Financial Statements", published in the Official Gazette No. 28337, dated 28 June 2012, and changes and amendments to this Communiqué. The Parent Bank maintains its accounting entries in Turkish Lira, in accordance with the Banking Law, Turkish Trade Law and the Turkish Tax Legislation.

The consolidated financial statements expressed in TL, were prepared with the cost-based method and were subject to inflation adjustments until 31 December 2004, except for financial assets, liabilities and buildings which were carried at fair value. The amounts in the consolidated financial statements and notes related to these financial statements have been expressed in thousands of Turkish Lira, unless otherwise stated. The preparation of consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Parent Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Accounting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") has not been applied.

POA made an announcement on 20 January 2022 regarding the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") for entities adopting Turkish Financial Reporting Standards ("TFRS") for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying consolidated financial statements as of 31 December 2022 in accordance with TAS 29.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

I. BASIS OF PRESENTATION (Continued):

The tension between Russia and Ukraine since January 2022 turned into a hot conflict. The Group does not carry out any activities in the two countries that are subject to the crisis. Therefore, the crisis is not expected to have a direct impact on the Group's operations and operations.

b. Explanations on accounting policies and changes in financial statement presentations:

None.

c. Items subject to different accounting policies in the preparation of consolidated financial statements:

None.

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS:

The general strategy of the Group is using financial instruments to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Group is deposits. Additionally, the Group can also sustain a lengthened liability structure by using long-term borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Group and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Group as a result of foreign currency activities are being held at minimum levels and the exposed currency risk is followed within the levels determined by the Board of Directors, considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank's foreign currency bid rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognized in the income statement under the account of "Foreign exchange gains or losses".

As of 31 December 2022, foreign currency denominated balances are translated into TL using the exchange rates of TL 18.6983 and 19.9349 for USD and EURO, respectively.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

III. EXPLANATIONS ON INVESTMENTS IN CONSOLIDATED ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES:

The consolidated financial statements are prepared in accordance with the TFRS 10 “Turkish Accounting Standard for Consolidated Financial Statements”. Consolidation principles for subsidiaries:

Subsidiaries are entities controlled directly or indirectly by the Parent Bank. Subsidiaries are consolidated using the full consolidation method on the grounds of materiality principle considering their operations, asset and equity sizes. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank.

Control depicts the significant influence the Parent Bank has over an investment to a legal entity, the varying yield the Parent Bank receives due to its relationship with this entity or the rights of the Parent Bank entitled over this yield and the power to impact the yield that the invested legal entity will generate.

In the full consolidation method, 100% of subsidiaries’ assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank’s assets, liabilities, income, expense and off-balance sheet items.

The carrying amount of the Group’s investment in each subsidiary and the Group’s portion of the cost value of the capital of each subsidiary are eliminated. Intergroup balances and intergroup transactions and resulting unrealized profits and losses are eliminated. Minority interests are presented in the consolidated balance sheet, under shareholder’s equity. Minority interests are presented separately in the Group’s income.

The Group has no joint ventures as of 31 December 2022 and 31 December 2021.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:

The major derivative instruments utilized by the Group are currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

The Group classifies its currency forwards, swaps, options and futures as transactions at "Fair Value Through Profit or Loss" in accordance with TFRS 9 principles. Derivative transactions are recorded in accordance with their fair value on the contract date. Also, liabilities and receivables arising from derivative instruments are followed in the off-balance sheet accounts from their contractual values.

Derivative instruments are measured at their fair values in the periods following their recording and are disclosed under assets or liabilities in the "Derivative Financial Assets at Fair Value Through Profit or Loss" section according to whether their fair value is positive or negative. Valuation differences in the fair value of trading derivative instruments are reflected to the income statement. The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models.

As of 31 December 2022, the Group applies cash flow hedge accounting through cross and interest currency swaps to protect against changes in interest rates of FC deposits which have average maturities of up to 3 months. The Group implements effectiveness tests at the balance sheet dates for hedge accounting, the effective parts are accounted as defined in TAS 39, on the financial statements under equity "Accumulated Other Comprehensive Income or Expense to be Reclassified Through Profit or Loss", whereas the amount concerning ineffective parts is associated with the income statement.

In cash flow hedge accounting, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked; the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized. The renewal of a financial hedging instrument or the transfer of a financial hedging instrument to another financial hedging instrument does not eliminate the hedging relationship, if the financial hedging instrument is part of the hedging strategy in accordance with TFRS 9.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognized in the income statement by using the effective interest method.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective Interest (Internal Efficiency) Method" according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection. The commissions and fees other than those whose amortised costs are an integral part of their effective profit rate, are accounted over time in accordance with the TFRS 15 Revenue From Contracts With Customers Standard.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Group classifies and accounts its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets at Fair Value Through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part three "Classification and Measurement of Financial Instruments" published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

The Group recognizes a financial asset into the financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, the business model determined by the Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments are made to earnings, losses or interests that were previously recorded in the financial statements.

a. Financial assets at fair value through profit or loss:

"Financial Assets at Fair Value Through Profit or Loss" are financial assets other than the ones that are managed with business models that aim to hold contractual cash flows in order to collect them and the ones that are managed with business models that aim to collect both the contractual cash flows and cash flows arising from the sale of the assets; If the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at a certain date; That are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. The gains and losses arising from the conducted valuations are included in profit/loss accounts.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

b. Financial assets at fair value through other comprehensive income:

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial assets with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are re-measured at fair value. Interest income calculated with the effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. Unrealized gains and losses, arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under "Accumulated Other Comprehensive Income or Expense to be Reclassified Through Profit or Loss" under shareholders' equity. When the mentioned marketable securities are collected or sold, the accumulated losses through fair value are reflected on the income statement.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and/or whose fair values can be reliably measured are carried at their fair value. Equity securities that do not have a quoted market price in an active market and/or whose fair values cannot be reliably measured are carried at cost, less provision for impairment. In case of disposal of the equity investment, the accumulated total gain or loss is followed in the "Other Accumulated Comprehensive Income or Expense that cannot be reclassified to Profit or Loss".

During initial recognition, an entity can make an irrevocable decision, by choosing to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in other comprehensive income. If this choice is made, the dividends from the investment are taken into the financial statements as profit or loss.

c. Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at their acquisition cost including the transaction costs which reflect the fair value of those instruments and are subsequently recognized at "Amortized Cost" by using "Effective Interest (Internal Efficiency) Rate" method. Interest income obtained from financial assets measured at amortized cost are accounted in the income statement.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

d. Loans:

Loans are financial assets that have fixed or determinable payment terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the “Effective Interest Rate (Internal Rate of Return)” method.

The Group’s loans are recorded under the “Measured at Amortized Cost” account.

Write-off policy is explained in, section V, I.e.11, the explanations and notes related to Loans.

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

The Group allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of 1 January 2018, in accordance with the Communiqué related to “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” published in the Official Gazette no. 29750 dated 22 June 2016, the Bank has started to allocate a loss allowance for expected credit losses on financial assets and loans measured at amortized cost in accordance with TFRS 9. In this context, as of 1 January 2018, the credit loss allowance method within the framework of the BRSA’s related legislation has been changed to the loss allowance for expected credit losses model with the implementation of TFRS 9. The predictions of expected credit loss forecasts include credible information, which is objective, probability-weighted, supportable about past events, current conditions, and forecasts of future economic conditions.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):

The basic parameters used in the calculations of provision are described below:

Probability of Default (PD): PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, two different PDs are considered in calculations:

- **12-month PD:** The probability of default occurring within the next 12 months following the balance sheet date.
- **Lifetime PD:** The probability of default occurring over the remaining life of the loan.

The Group generates ratings for the corporate and commercial customers via internal rating system and the 12-month or lifetime probability of defaults are estimated based on these ratings. Macroeconomic expectations are taken into account when carrying out these expectations and the weighted average of the probabilities of default calculated from three different scenarios are considered as the final probability of default.

For retail customers, the score point is generated via the internal scoring system and the 12-month or lifetime probabilities of default are estimated based on these score points by considering the above-mentioned macroeconomic factors.

For the receivables from customers such as sovereign and banks, provision is calculated by using the determined values in the corporate and commercial probability of default table and the loss given default rates.

Loss Given Default Rate: If a loan default occurs, it refers to the economic loss that might be encountered by taking into consideration the collection period and the time value of money. The Group has determined the loss given default rates by considering the expert opinion based on the past historical data set.

Exposure at Default: For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans, it is the value calculated through using credit conversion factors.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

These are the financial assets at initial recognition or financial assets that do not have a significant increase in credit risk since their initial recognition. Impairment for credit risk for these assets is accounted in the amount of 12-month expected credit losses. Therefore, the expected probability of default of 12 months is calculated by considering the maturity of the loan. This value is obtained after weighting the three macro-economic scenarios and the provision is calculated using the loss given default and risk amounts calculated by taking into consideration the collateral composition of the loan.

Stage 2:

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is accounted based on the financial asset's lifetime expected credit losses. The provision which will be allocated for the loan is calculated by considering the maturity and cash flow of the loan for three macroeconomic scenarios as stated above. For this purpose, the probability of default and the loss given default amounts are estimated not only for 12 months but also for the whole life of the loan and the loan provision is determined by using the present value set calculated over the cash flow.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized. The method is similar to the methodology applied for Stage 2 loans, but the probability of default is considered 100% in these calculations. In general the Group follows the definition of default in the legislation (objective default definition, for example the criterion of the number of days past due). On the other hand, if it is decided that the debt will not be paid, the aforementioned receivable will be considered as Stage 3, even if the default has not occurred yet.

The Group carries out its determination regarding the significant increase in credit risk by taking into consideration of the following criterias:

- Type of customer (calculations are made on separate models for corporate and commercial customers and retail customers).
- Internal rating scores (calculations are based on score points for retail customers and ratings for corporate and commercial customers).
- The deterioration observed in the internal rating score between the drawdown date and the reporting date.

In addition to the rules above, the Group has also set aside additional provisions through individual assessment.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" and "Financial assets measured at amortized cost" according to the investment purposes of the Group and are measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Funds Provided under Repurchase Agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

Funds given against securities purchased under agreements ("Reverse repo") to resell are accounted under "Receivables from Reverse Repurchase Agreements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the "effective interest method". The Group has no securities lending transactions.

XI. EXPLANATIONS ON TANGIBLE ASSETS HELD FOR RESALE, DISCONTINUED OPERATIONS AND LIABILITIES REGARDING THOSE ASSETS:

Assets held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell. Held for sale assets are not amortized and presented separately in the financial statements. In order to classify an asset as held for sale, only when the sale is highly probable, experienced quite often and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale. Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or cancelling the plan is low. Various circumstances and conditions could extend the completion period of the sale more than one year. If such delay arises from any events and conditions beyond the control of the entity and if there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale.

The Group has no discontinued operations.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill:

As of 31 December 2022, the Group has no goodwill (31 December 2021: None).

b. Other intangible assets:

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for value decreases, if any.

Intangibles are amortized over their estimated useful lives using the straight-line amortization method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilize the economic benefit of the asset and differs from 3 years to 15 years.

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

Tangible assets is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, tangible assets are carried at cost less accumulated depreciation and provision for value decrease, if any.

The Group has adopted the “revaluation method” in accordance with the “Communiqué Regarding the Principles and Procedures for the Tangible Assets (“TAS 16”)” for its buildings. Independent expert appraisal values determined by independent experts are presented in the financial statements.

Depreciation is calculated over the cost of property and equipment using the straight-line method. The depreciation rates are stated below:

Buildings	2%
Movables, Movables Acquired by Financial Leasing	2-50%

As of the balance sheet date, the depreciation charge for items remaining in property and equipment for less than an accounting period is calculated in proportion to the time period the item remained in property and equipment.

When the carrying amount of an asset is greater than its estimated “Recoverable amount”, it is written down to its “Recoverable amount” and the provision for the diminution value is charged to the income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

The Group records its fixed assets obtained via leasing by taking into consideration the "lower of the fair value of the leased asset and the present value of the amount of cash consideration given for the leased asset".

Leased assets are included in the property and equipment and these assets are depreciated by taking their useful lives into consideration. If impairment is detected in the value of the leased asset, a "Provision for impairment" is recognized. Liabilities arising from leasing transactions are included in "Financial Lease Payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Group realizes financial leasing transactions as a "Lessor" by means of Burgan Finansal Kiralama A.Ş. which is the consolidated subsidiary of the Group.

With the "IFRS 16 Leases" standard, which became effective as of 1 January 2019, the difference between operating lease and financial lease has been removed, and lease transactions have started to be recognized under "Tangible Fixed Assets" as an asset (right to use asset) and under "Lease Payables" as a liability.

The Group has applied the changes in accounting policies due to the initial implementation of the "IFRS 16 Leases" standard, which is among the new standards, amendments and interpretations effective from 1 January 2019, in accordance with the transition obligations of the related standard.

IFRS 16 "Leases" Standard

The Group – lessee:

At the beginning of a contract, the Group assesses whether the contract has the quality of a lease or whether the contract includes a lease transaction. In circumstances when the contract transfers the right of controlling the asset for a certain time period for a certain price, this contract carries the quality of a lease or includes a leasing transaction. Group, reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Existence of right to use:

The right to use asset is first recognized by the cost method and includes the following:

- a) The initial measurement amount of the lease obligation,
- b) The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease,
- c) All initial direct costs incurred by the Bank

When the Group applies the cost method, the existence of the right to use:

- a) accumulated depreciation and accumulated impairment losses are deducted and
- b) measures the restatement of the lease obligation at the restated cost.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued):

The Group applies the depreciation statutes included in the TAS 16 Tangible Assets standard while depreciating the right to use an asset.

Lease obligation:

At the effective date of the lease, the Group measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Group's average borrowing interest rates in the case of this rate being easily determined. Otherwise, the Group uses its alternative borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease:

After the effective date of the lease, the Group measures the leasing liability as follows:

- a) Increases the book value to reflect the interest on the lease obligation,
- b) Reduces the book value to reflect the lease payments made and
- c) The book value is measured to reflect reassessments and restructuring, or to reflect fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

Provisions and contingent liabilities except for the specific and general provisions recognized for loans and other receivables are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the "Matching principle". When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Group, it is considered that a "Contingent" liability exists and it is disclosed in the related notes to the financial statements.

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements in which the change occurs.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

The Group accounts obligations related to employee termination and vacation rights in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and classifies these items under the "Reserve for Employee Rights" account in the balance sheet.

Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Group arising from this liability.

According to the TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority with the Communiqué published in the Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Group, the recognition option of the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations in the statement of profit or loss have been eliminated, which is effective for annual periods beginning on or after 1 January 2013. The earlier application of the revision is permitted in the section of the transition and effective date of the standard and therefore the Group has recognised the actuarial gains and losses that occur in related reporting periods in the "Statement of Profit or Loss and Other Comprehensive Income" and presented in "Other Reserves" item in the Shareholders Equity section.

XVIII. EXPLANATIONS ON TAXATION:

a. Current tax:

Many clauses of Corporate Tax Law No.5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20%. The corporate tax rate is implemented on the total income of the Bank after adjusting for certain disallowable expenses (e.g. income from subsidiaries exception), exempt income and other allowances. No further tax is payable unless the profit is distributed.

Corporate tax applied at the rate of 20% for corporate earnings in Turkey, pursuant to the regulation introduced by the Law No. 7316 on the "Law on the Collection of Public Claims and Amendments to Certain Laws" is applied as 25% to be applied to corporate earnings for the 2021 taxation period and 23% to be applied to corporate earnings for the 2022 taxation period, pursuant to the regulation introduced by the Law No. 7394 on "The Law on the Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law and Amendments to Some Laws and Decrees" this rate has been determined as 25% to be applied to the corporate earnings of banks, companies under the Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies for the taxation period as of 2022.

However, with Article 25 of Law No. 7394, the corporate tax rate for banks, companies within the scope of the "Financial Leasing, Factoring, Financing and Savings Financing Companies Law" No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies increased to 25%. This provision entered into force on 15 April 2022 to be applied to corporate earnings for the 2022 taxation period.

This amendment will be valid in the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of 1 July 2022.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XVIII. EXPLANATIONS ON TAXATION (Continued):

a. Current tax (Continued):

Since the tax rate change came into effect as of 15 April 2022, 25% was used as the tax rate in Corporate Tax calculations in the financial statements dated 31 December 2022.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporate tax quarterly on their corporate income with the current rate. Advance tax is paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

75% portion of the capital gains derived from the sale of equity investments and immovable properties before 5 December 2017, 50% portion of the capital gains derived from the sale of equity investments and immovable properties after 5 December 2017 are tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for 5 years. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

With the Presidential Decision No. 4936 published in the Official Gazette dated 22 December 2021 and numbered 31697, within the scope of Article 94 of the Income Tax Law and Articles 15 and 30 of the Corporate Tax Law, the rate of tax withholding in dividend distribution has been reduced from 15% to 10%.

According to the Law No. 7352 Amending the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the legal books based on the Tax Procedure Law was postponed to 31 December 2023.

With the Communiqué Amending the Tax Procedure Law General Communiqué (line no. 537) with line number 547 published in the Official Gazette dated 14 January 2023 and numbered 32073, the procedures and principles of the law articles that allow the revaluation of immovable and depreciable economic assets have been restated. Accordingly, the Bank will be able to revalue the immovables in its balance sheet and its depreciable economic assets, provided that the conditions in the Tax Procedure Law Provisional Article 32 and Reiterated Article 298/ç are met. Thus, corporate tax can be paid by calculating the values of real estate and depreciable economic assets after revaluation. Our bank will benefit from this revaluation implementation.

b. Deferred Tax:

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XVIII. EXPLANATIONS ON TAXATION (Continued):

b. Deferred tax (Continued):

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

Due to the fact that the change in the corporate tax rate that entered into force on 15 April 2022, will be taken into account in the taxation of corporate earnings for the periods valid from 1 January 2022, starting from 1 July 2022, under TAS 12, deferred tax assets or liabilities are calculated according to 25% tax rate as of the end of the reporting period (balance sheet date).

XIX. EXPLANATIONS ON BORROWINGS:

The Group’s fund resources in essence consist of borrowing from foreign financial institutions, issued securities and money market debt.

Financial liabilities and derivative transactions are valued with their fair values and other financial liabilities are carried at “amortized cost” using the effective interest method in the following periods.

The Group utilizes various hedging techniques to minimize the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued by the Group.

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

Transaction costs regarding the issuance of share certificates are accounted under shareholders’ equity after eliminating the tax effects.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

Avalized drafts and acceptances shown as liabilities against assets are included in the “Off-balance sheet commitments”.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2022, the Group does not have any government grants or aids (31 December 2021: The amount of grant the Bank has received from TÜBİTAK until the balance sheet date is TL 6,500, pursuant to the Law No. 5746 on Supporting Research and Development Activities).

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code (“TCC”) the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

Earnings per share disclosed in the income statement are calculated by dividing net profit/(loss) for the year to the weighted average number of shares outstanding during the period concerned.

	31 December 2022	31 December 2021
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	1,201,724	304,815
Weighted Average Number of Issued Ordinary Shares (Thousand)	234,046,293	180,343,836
Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)	5.135	1.690

Based on the Principal Agreement, the Parent Bank has 1.000.000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

In Turkey, companies can increase their share capital by making a pro-rata distribution of "Bonus shares" to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of "Bonus shares" issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

XXV. EXPLANATIONS ON RELATED PARTIES:

Parties defined in article 49 of the Banking Law No. 5411, Group's senior management, and Board Members are deemed as related parties. Transactions regarding related parties are presented in Note V. of Section Five.

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

For the purposes of the cash flow statement, "Cash" includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank, and "Cash equivalents" include interbank money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

Operational field is the distinguishable section of the Group that has different characteristics from other operational fields per earning and conducts the presentation of service group, associated bank products or a unique product. Operating segments are disclosed in Note X. in Section Four.

XXVIII. RECLASSIFICATIONS:

In order to provide comparative information, classification processes have been made in the income statement, cash flow statement and various notes.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION FOUR

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
GROUP ON A CONSOLIDATED BASIS**

I. EXPLANATIONS ON CONSOLIDATED EQUITY:

Total capital and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of 31 December 2022, the Group's total consolidated capital has been calculated as TL 8,533,598 (31 December 2021: TL 5,974,815) and the consolidated Capital adequacy ratio is 19.09% (31 December 2021: 20.88%).

As of 31 December 2022, within the scope of BRSA's instructions dated 21 December 2021 and 28 April 2022; in the calculation of the amount subject to credit risk, in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (Capital Adequacy Regulation) published in the Official Gazette dated 23 October 2015 and numbered 29511; when calculating the amounts of monetary assets and non-monetary assets other than items in foreign currency measured at historical cost, valued in accordance with Accounting Standards and related special provisions, the simple arithmetic average of the Central Bank's foreign exchange buying rates as of 31 December 2021 was used and in case the net valuation differences of the securities held by the Bank in the portfolio of "Securities at Fair Value Reflected in Other Comprehensive Income" as of 21 December 2021, decision date are negative, it is possible to ignore these differences in the amount of equity to be calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013 and numbered 28756 and to be used for the capital adequacy ratio.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

a. Information about total capital:

	Current Period 31 December 2022	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2021	Amounts related to treatment before 1/1/2014 (*)
COMMON EQUITY TIER 1 CAPITAL				
Paid-in capital following all debts in terms of claim in liquidation of the Bank	2,655,500		1,890,000	
Share issue premiums	-		-	
Legal Reserves	423,081		122,055	
Gains recognized in equity as per TAS	851,551		258,775	
Profit	1,217,432		304,815	
Current Period Profit	1,201,724		304,815	
Prior Period Profit	15,708		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-		-	
Common Equity Tier 1 Capital Before Deductions	5,147,564		2,575,645	
Deductions from Common Equity Tier 1 Capital	-		-	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-		-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	44,941		9,954	
Improvement costs for operating leasing	11,764		13,082	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	86,124	86,124	53,782	53,782
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-		-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	720,650		185,523	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-		-	
Gains arising from securitization transactions	-		-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-		-	
Defined-benefit pension fund net assets	-		-	
Direct and indirect investments of the Bank in its own Common Equity	-		-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-		-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-		-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-		-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-		-	
Excess amount arising from mortgage servicing rights	-		-	
Excess amount arising from deferred tax assets based on temporary differences	-		-	
Other items to be defined by the BRSA	-		-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-		-	
Total Deductions from Common Equity Tier 1 Capital	863,479		262,341	
Total Common Equity Tier 1 Capital	4,284,085		2,313,304	

(*) In this section, the accounts that are liable to transition principles "the temporary articles of Regulation on Equities of Banks" which will be considered at the end of the transition period are shown.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

	Current Period 31 December 2022	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2021	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL				
Preferred Stock not Included in Common Equity and the Related Share Premiums	-		-	
Debt instruments and premiums approved by BRSA (*)	934,915		666,450	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-		-	
Additional Tier I Capital before Deductions	934,915		666,450	
Deductions from Additional Tier I Capital	-		-	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-		-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-		-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-		-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-		-	
Other items to be defined by the BRSA	-		-	
Transition from the Core Capital to Continue to deduce Components	-		-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-		-	
Total Deductions From Additional Tier I Capital	-		-	
Total Additional Tier I Capital	934,915		666,450	
Total Tier I Capital (Tier I Capital=Common Equity + Additional Tier I Capital)	5,219,000		2,979,754	
TIER II CAPITAL				
Debt instruments and share issue premiums deemed suitable by the BRSA	2,804,745		2,665,800	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-		-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	509,871		330,887	
Tier II Capital Before Deductions	3,314,616		2,996,687	
Deductions From Tier II Capital	-		-	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-		-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	18		1,626	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-		-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Other items to be defined by the BRSA	-		-	
Total Deductions from Tier II Capital	18		1,626	
Total Tier II Capital	3,314,598		2,995,061	
Total Capital (The sum of Tier I Capital and Tier II Capital)	8,533,598		5,974,815	
Deductions from Total Capital	-		-	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-		-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-		-	
Other items to be defined by the BRSA (-)	-		-	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-		-	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own 10% or less of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	

(*) In this section, the accounts that are liable to transition principles "the temporary articles of Regulation on Equities of Banks" which will be considered at the end of the transition period are shown.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

	Current Period 31 December 2022	Amounts related to treatment before 1/1/2014 (*)	Önceki Dönem 31 December 2021	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL				
Total Capital (Tier I and Tier II Capital)	8,533,598		5,974,815	
Total risk weighted amounts	44,706,381		28,616,684	
Capital Adequacy Ratios				
Core Capital Adequacy Ratio (%)	9.58		8.08	
Tier I Capital Adequacy Ratio (%)	11.67		10.41	
Capital Adequacy Ratio (%)	19.09		20.88	
BUFFERS				
Total additional Tier I Capital requirement (a + b + c)	2,522		2,512	
Capital conservation buffer requirement (%)	2.500		2.500	
b. Bank specific counter-cyclical buffer requirement (%)	0.022		0.012	
c. Systematically important bank buffer ratio (%)	-		-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	5.08		3.58	
Amounts below the Excess Limits as per the Deduction Principles				
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Amount arising from deferred tax assets based on temporary differences	-		-	
Limits related to provisions considered in Tier II calculation	517,089		634,681	
Limits related to provisions considered in Tier II calculation				
General provisions for standard based receivables (before ten thousand twenty-five limitation)	1,686,481		1,524,981	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	509,871		330,887	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

(*) In this section, the accounts that are liable to the temporary articles of "Regulation on Equities of Banks" which will be considered at the end of the transition period are shown.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

b. Information on instruments related to equity estimation:

Information on instruments related to equity calculation:		
Issuer – Loan grantor	Burgan Bank K.P.S.C.	Burgan Bank K.P.S.C.
Unique Identifier of the Debt Instrument	-	-
Governing Legislation of the Debt Instrument	BDDK	BDDK
Regulatory Treatment in Equity Calculation	Tier II Capital	Tier II Capital
Assessment whether it is subject to being taken into consideration as 10% decreased as of 1/1/2015	No	No
Validity status in a consolidated or unconsolidated basis or in a consolidated and unconsolidated basis	Unconsolidated - Consolidated	Unconsolidated – Consolidated
Instrument type	Subordinated Loan	Subordinated Loan
Amount recognized in equity calculation (As of most recent reporting date – Thousands TL)	2,804,745	934,915
Nominal value of debt instrument (USD)	150,000	50,000
The account number that the debt instrument is followed	Liability-Subordinated Loans-Amortized Cost	Liability-Subordinated Loans-Amortized Cost
Original date of issuance of the debt instrument	16.05.2022	22.02.2021
Maturity structure of the debt instrument (Perpetual/Dated)	Dated	Undated
Original maturity date of the debt instrument	10 Years	-
Whether the issuer has a right to call subject to BRSA approval	Yes	Yes
Optional call date, contingent call options and redemption amount	After 5th year	After 5th year
Subsequent call dates of call options	After 5th year	After 5th year
Coupon/dividend payments	3 Months	-
Fixed or floating dividend/coupon payments	Floating dividend	-
Coupon rate and any related index value	LIBOR+4,25	-
Existence of a restriction which can stop dividend payments	-	-
Being fully discretionary, partially discretionary or mandatory	-	-
Existence of an interest rate increase or other incentive to call	-	-
Being noncumulative or cumulative	Noncumulative	Noncumulative
Being convertible or non-convertible to stock	None	None
If convertible to a stock, conversion trigger(s)	-	-
If convertible to a stock, fully or partially	-	-
If convertible to a stock, conversion rate	-	-
If convertible to a stock, mandatory or optional conversion	-	-
If convertible to a stock, specify instrument type convertible into	-	-
If convertible to a stock, issuer of debt instrument it converts into	-	-
Value reduction feature	None	-
If it has a value reduction feature, write-down trigger(s)	-	If unsustainability occurs, a decrease in value can be realized.
If it has a value reduction feature, full or partial	-	Partially or completely depreciation can be realized.
If it has a value reduction feature, permanent or temporary	-	Constant
If temporary value reduction exists, description of value increase mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to this instrument)	Before debt instruments to be included in Additional Tier I capital calculation but after the deposit holders and all other creditors of the Debtor.	After the right to claim of the holder, the deposit holders, other creditors and contribution capital calculation included borrowings of the Debtor.
Whether it is in compliance with the terms in articles 7 and 8 of the Communiqué on Bank's Equities	None.	None.
The terms it is not in compliance with in articles 7 and 8 of the Communiqué on Bank's Equities	None.	None.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK

Credit risk represents the potential financial loss that the Parent Bank may incur as a result of defaults or non-fulfillment of the loan agreements obligations of counterparties.

In order to control and mitigate credit risk, the Parent Bank takes into consideration the payment capacity of the debtors, the confirmation of the fact that primary and secondary payment sources exist, the fact that provisions allocated for loans can cover expected credit losses, the fact that firms responsible for the valuation of collaterals are operating in accordance with competition rules, the fact that sectoral, geographical and regional concentration is avoided, the fact that the customer portfolio and loans provided are not diversified and credit risk is not common, the fact that information from all sources possible to evaluate or quantify the risks taken on a transaction or customer basis are collected the fact that the payment capacity of loans are monitored.

Credit rankings of borrowers that are present at loans and other accounts receivable accounts are monitored in accordance with the relevant legislation on a regular basis. Account status documents obtained for the issued credits are audited to make sure that the documents are meeting the requirements of the relevant legislation given that the cash transactions are exempted from this rule. As a result of regular monitoring of credit worthiness, credit limits have been changed when necessary. Loans and other receivables are collateralized considering the credit worthiness.

With respect to credit risk, debtor and debtor groups are subject to risk limitations envisaged in the Banking Law. There is no risk limitation in terms of geographical region while the sectoral concentration has been limited. Credit limits allocated are subject to revision at least once a year. The credit worthiness of the borrowers classified as "loans and other receivables under close monitoring" are revised at least twice a year due to Procedures and Principles regarding the regulation on classification of loans and provisions to be allocated for them. The loan limit is controlled by the main banking system and exceeding the specified limits is prohibited. When a revision becomes due, limits for which the loan worthiness has not been reviewed are suspended.

The Parent Bank's loan policy approved by the Board of Directors is reviewed a regular basis. In order to maintain the credit risk under control, there are additional limitations in the scope of Parent Bank credit policies apart from the Banking Law limitations. As defined in the document of credit policy, authorization of credit extension has been delegated to branches, the headquarters and the credit committee. Constraints on the use of these delegations;

- Collaterals, accepted as guarantees of loans issued, are clearly stated at credit policy.
- The Bank does not provide loans for arms manufacturers and traders, religious organizations, gambling companies, media companies, political organizations, sport clubs and companies operating in nuclear industry. Exceptions could be evaluated by the head office.
- Loans issued to the companies founded within last two years, real estate development companies and financial institutions as well as the investment projects, cash loan guarantees and refinancing loans are evaluated by headquarters and authorized upper management.
- Derivative products' limits cannot be allocated in Branch authorization. Foreign currency loans and counter party / external guarantees cannot be issued by branches.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

The loans that are overdue more than 90 days as of the end of the reporting date or the loans in which the Bank has decided that the debtor has lost its credibility are classified as impaired receivables and specific provision is allocated for these loans within TFRS 9. The general provision is allocated within TFRS 9 for the loans which are classified as second stage under "Procedures and Principles regarding the regulation on classification of loans and provisions to be allocated for them" and the loans that are overdue up to 90 days as of the end of the reporting date.

Total amount of exposures after offsetting transactions before applying credit risk mitigations and the average exposure amounts that are classified under different risk groups and types for the relevant period:

31 December 2022		
Risk Group	Amount	Average
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	12,647,002	10,410,097
Contingent and Non-Contingent Receivables from Regional or Local Governments	168,758	184,745
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	61,755	70,857
Contingent and Non-Contingent Receivables from International Organizations	-	-
Contingent and Unconditional Receivables from Banks and Intermediary Institutions	6,883,787	5,016,335
Contingent and Non-Contingent Corporate Receivables	32,578,825	27,874,244
Contingent and Non-Contingent Retail Receivables	2,659,329	953,885
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	6,907,723	6,821,521
Past Due Loans	1,720,374	1,612,614
Higher Risk Categories Decided by The Board	-	-
Secured by Mortgages	-	-
Securitization Positions	-	-
Short-term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-
Undertakings for Collective Investments in Mutual Funds	-	-
Other Receivables	3,318,328	2,964,969
Total	66,945,881	55,909,267

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

31 December 2021		
Risk Group	Amount	Average
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	6,530,474	4,485,435
Contingent and Non-Contingent Receivables from Regional or Local Governments	191,270	296,139
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	-	76
Contingent and Non-Contingent Receivables from Multilateral Development Banks	31,428	37,623
Contingent and Non-Contingent Receivables from International Organizations	-	-
Contingent and Unconditional Receivables from Banks and Intermediary Institutions	2,666,427	2,797,392
Contingent and Non-Contingent Corporate Receivables	21,926,144	17,600,622
Contingent and Non-Contingent Retail Receivables	267,072	224,158
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	5,329,230	5,175,805
Past Due Loans	1,515,537	1,491,658
Higher Risk Categories Decided by The Board	-	-
Secured by Mortgages	-	-
Securitization Positions	-	-
Short-term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-
Undertakings for Collective Investments in Mutual Funds	-	-
Other Receivables	2,472,904	2,104,046
Total	40,930,486	34,212,954

The Parent Bank's derivative transactions are mainly composed of foreign exchange and interest rate swaps money and interest options and forward transactions. The credit risks of these products are managed by deducting them from the company's credit limit, which is specified only for these types of transactions, in proportion to the term of the transaction. Market risk is managed by the Treasury, Capital market and Financial Institutions Group.

Indemnified non-cash credits are subjected to the same risk weight as the credits which are past due date.

The Group does not perform any kind of banking activity abroad.

In the current period, the share of the Group receivables due to cash loans extended to its top 100 and top 200 customers are 76%, 82% (31 December 2021: 75% and 83%) within the total cash loan portfolio.

In the current period, the share of the Group receivables due to non-cash loans extended to its top 100 and top 200 customers are 39%, 65% (31 December 2021: 52% and 71%) within the total non-cash loans portfolio.

In the current period, the share of the Group receivables due to the total of cash and non cash loans extended to its top 100 and top 200 customers are 68%, 79% (31 December 2021: 70% and 80%) within cash loans in balance sheet and non-cash loans in off-balance sheet.

The Group's allocated expected credit losses for loans amounts to TL 1,686,481 (31 December 2021: TL 1,524,981).

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

a. Information on types of loans and specific provisions:

31 December 2022	Corporate	Consumer	Credit Cards	Financial Leasing Receivables	Factoring Receivables	Total
Standard Loans	27,277,855	1,821,170	-	2,490,664	-	31,589,689
Loans under close monitoring	6,290,796	10,283	-	1,579,433	-	7,880,512
Non-performing loans	1,679,221	15,522	11	691,794	-	2,386,548
Specific provision (-)	515,576	6,086	8	142,632	-	664,302
Total	34,732,296	1,840,889	3	4,619,259	-	41,192,447

31 December 2021	Corporate	Consumer	Credit Cards	Financial Leasing Receivables	Factoring Receivables	Total
Standard Loans	18,604,567	223,697	-	2,137,212	-	20,965,476
Loans under close monitoring	5,336,431	14,326	-	1,272,114	-	6,622,871
Non-performing loans	1,902,598	17,268	87	656,560	-	2,576,513
Specific provision (-)	721,358	6,181	82	155,076	-	882,697
Total	25,122,238	249,110	5	3,910,810	-	29,282,163

b. Information on loans and receivables past due but not impaired:

31 December 2022	Corporate	Consumer	Credit Cards	Financial Leasing Receivables	Factoring Receivables	Total
Past due 0-30 days	6.254.151	59.306	-	368.330	-	6.681.787
Past due 30-60 days	2.373	7.986	-	44.113	-	54.472
Past due 60-90 days (*)	34.272	1.864	-	116.093	-	152.229
Total	6.290.796	69.156	-	528.536	-	6.888.488

31 December 2021	Corporate	Consumer	Credit Cards	Financial Leasing Receivables	Factoring Receivables	Total
Past due 0-30 days	5,250,692	17,429	-	1,224,704	-	6,492,825
Past due 30-60 days	80,324	7,493	-	24,139	-	111,956
Past due 60-90 days (*)	5,909	3,994	-	107,866	-	117,769
Total	5,336,925	28,916	-	1,356,709	-	6,722,550

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

c. Information on debt securities, treasury bills and other bills:

31 December 2022	Financial Assets at Fair Value through P/L (Net)	Financial Assets at Fair Value through Other Comprehensive Income (Net)	Other Financial Assets Measured at Amortized Cost (Net)	Total
Moody's Rating				
B2 (*)	401,029	1,596,229	5,380,706	7,377,964
Total	401,029	1,596,229	5,380,706	7,377,964

(*) This table contains only Turkish Republic government bank bonds, bank bonds and treasury bills which are rated by Moody's.

31 December 2021	Financial Assets at Fair Value through P/L (Net)	Financial Assets at Fair Value through Other Comprehensive Income (Net)	Other Financial Assets Measured at Amortized Cost (Net)	Total
Moody's Rating				
B2 (*)	2,388	659,505	1,023,468	1,685,361
Total	2,388	659,505	1,023,468	1,685,361

(*) This table contains only Turkish Republic government bank bonds, bank bonds and treasury bills which are rated by Moody's.

d. Information on rating concentration:

The Group evaluates its credit risk based on an internal rating system and the corporate and commercial loans are classified from least probability of default to highest. The information about the concentration of cash and non-cash loans which are classified with the rating system is presented below.

	31 December 2022	31 December 2021
Above average (%)	36.00	24.74
Average (%)	50.99	59.55
Below average (%)	13.01	14.96
Not rated (%)	0.00	0.75

e. Fair value of collaterals (loans and advances to customers):

31 December 2022	Corporate Loans	Consumer Loans	Credit Cards	Financial Leasing	Factoring Receivables	Total
Loans under close monitoring	1,810,875	6,106	-	580,803	-	2,397,784
Non-performing loans	41,978	1,024	-	-	-	43,002
Total	1,852,853	7,130	-	580,803	-	2,440,786

31 December 2021	Corporate Loans	Consumer Loans	Credit Cards	Financial Leasing	Factoring Receivables	Total
Loans under close monitoring	968,933	15,964	-	498,017	-	1,482,914
Non-performing loans	964,383	6,043	-	374,482	-	1,344,908
Total	1,933,316	22,007	-	872,499	-	2,827,822

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
GROUP ON A CONSOLIDATED BASIS (Continued):**

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

e. Fair value of collaterals (loans and advances to customers) (Continued):

Type of Collaterals	31 December 2022	31 December 2021
Real-estate mortgage	2,045,841	2,586,328
Pledge	146,771	5,698
Cash and cash equivalents	248,174	235,796
Total	2,440,786	2,827,822

BURGAN BANK A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

f. Profile of significant exposures in major regions:

	Exposure Categories(*)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Current Period 31 December 2022																		
Domestic	13,358,805	89,252	-	-	-	4,524,448	29,366,286	2,497,930	6,848,134	1,687,413	-	-	-	-	-	-	3,318,328	61,690,596
EU Countries	-	-	-	-	-	252,677	36,397	3	-	11	-	-	-	-	-	-	-	289,088
OECD Countries (**)	-	-	-	61,755	-	1,735,112	340	2	-	-	-	-	-	-	-	-	-	1,797,209
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	51,283	-	-	-	-	-	-	-	-	-	-	-	51,283
Other Countries	-	-	-	-	-	64,818	9,182	2	582	-	-	-	-	-	-	-	-	74,584
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	13,358,805	89,252	-	61,755	-	6,628,338	29,412,205	2,497,937	6,848,716	1,687,424	-	-	-	-	-	-	3,318,328	63,902,760

- 1. Contingent and non-contingent exposures to central governments or central banks
 - 2. Contingent and non-contingent exposures to regional governments or local authorities
 - 3. Contingent and non-contingent receivables from administrative units and non-commercial enterprises
 - 4. Contingent and non-contingent exposures to multilateral development banks
 - 5. Contingent and non-contingent exposures to international organisations
 - 6. Contingent and non-contingent exposures to banks and brokerage houses
 - 7. Contingent and non-contingent exposures to corporates
 - 8. Contingent and non-contingent retail exposures
 - 9. Contingent and non-contingent exposures secured by real estate property
 - 10. Past due receivables
 - 11. Receivables defined in high risk category by BRSA
 - 12. Exposures in the form of bonds secured by mortgages
 - 13. Securitization Positions
 - 14. Short term exposures to banks, brokerage houses and corporates
 - 15. Exposures in the form of collective investment undertakings
 - 16. Stock Exchange
 - 17. Other receivables
- (*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.
(**) Includes OECD countries other than EU countries, USA and Canada.
(***) Assets and liabilities that cannot be segmented on a consistent basis.

BURGAN BANK A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

f. Profile of significant exposures in major regions (Continued):

	Exposure Categories(*)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Current Period 31 December 2021																		
Domestic	6,940,156	77,816	-	-	-	734,719	19,436,201	222,069	5,252,906	1,438,041	-	-	-	-	-	-	2,472,904	36,574,812
EU Countries	-	-	-	-	-	389,981	40,034	4	7,621	466	-	-	-	-	-	-	-	438,106
OECD Countries (**)	-	-	-	31,428	-	1,472,629	-	2	-	-	-	-	-	-	-	-	-	1,504,059
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	122,461	-	-	-	-	-	-	-	-	-	-	-	122,461
Other Countries	-	-	-	-	-	32,666	2,359	11	719	-	-	-	-	-	-	-	-	35,755
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	6,940,156	77,816	-	31,428	-	2,752,456	19,478,594	222,086	5,261,246	1,438,507	-	-	-	-	-	-	2,472,904	38,675,193

- 1. Contingent and non-contingent exposures to central governments or central banks
 - 2. Contingent and non-contingent exposures to regional governments or local authorities
 - 3. Contingent and non-contingent receivables from administrative units and non-commercial enterprises
 - 4. Contingent and non-contingent exposures to multilateral development banks
 - 5. Contingent and non-contingent exposures to international organisations
 - 6. Contingent and non-contingent exposures to banks and brokerage houses
 - 7. Contingent and non-contingent exposures to corporates
 - 8. Contingent and non-contingent retail exposures
 - 9. Contingent and non-contingent exposures secured by real estate property
 - 10. Past due receivables
 - 11. Receivables defined in high risk category by BRSA
 - 12. Exposures in the form of bonds secured by mortgages
 - 13. Securitization Positions
 - 14. Short term exposures to banks, brokerage houses and corporates
 - 15. Exposures in the form of collective investment undertakings
 - 16. Stock Exchange
 - 17. Other receivables
- (*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.
(**) Includes OECD countries other than EU countries, USA and Canada.
(***) Assets and liabilities that cannot be segmented on a consistent basis.

BURGAN BANK A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

g. Risk profile according to sectors and counterparties:

31 December 2022	Exposure Categories (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agriculture	-	-	-	-	-	-	906,882	7,650	4,806	4,396	-	-	-	-	-	-	-	804,851	118,883	923,734
Farming and Stockbreeding	-	-	-	-	-	-	750,357	7,650	3,904	4,396	-	-	-	-	-	-	-	670,208	96,099	766,307
Forestry	-	-	-	-	-	-	156,497	-	-	-	-	-	-	-	-	-	-	133,713	22,784	156,497
Fishery	-	-	-	-	-	-	28	-	902	-	-	-	-	-	-	-	-	930	-	930
Manufacturing	-	-	-	-	-	-	11,588,993	337,612	587,273	282,681	-	-	-	-	-	-	-	6,491,951	6,304,608	12,796,559
Mining and Quarrying	-	-	-	-	-	-	59,940	16,116	10,252	54	-	-	-	-	-	-	-	73,592	12,770	86,362
Production	-	-	-	-	-	-	8,668,202	317,906	385,316	280,455	-	-	-	-	-	-	-	5,669,708	3,982,171	9,651,879
Electricity, Gas and Water	-	-	-	-	-	-	2,860,851	3,590	191,705	2,172	-	-	-	-	-	-	-	748,651	2,309,667	3,058,318
Construction	-	-	-	-	-	-	1,782,923	221,815	114,804	733,971	-	-	-	-	-	-	-	2,544,514	308,999	2,853,513
Services	-	-	-	61,755	-	6,628,338	14,521,329	125,285	6,111,006	634,233	-	-	-	-	-	-	-	15,921,935	12,160,011	28,081,946
Wholesale and Retail Trade	-	-	-	-	-	-	4,469,980	88,596	3,532,753	273,860	-	-	-	-	-	-	-	4,289,848	4,075,341	8,365,189
Hotel, Food and Beverage services	-	-	-	-	-	-	1,198,526	511	2,078,611	342,959	-	-	-	-	-	-	-	553,751	3,066,856	3,620,607
Transportation and Telecom	-	-	-	-	-	-	769,878	16,913	360,327	2,148	-	-	-	-	-	-	-	333,049	816,217	1,149,266
Financial Institutions	-	-	-	61,755	-	6,628,338	6,845,465	9,834	72,428	-	-	-	-	-	-	-	-	9,816,507	3,801,313	13,617,820
Real Estate and Rental Services	-	-	-	-	-	-	975,768	9,289	66,156	12,330	-	-	-	-	-	-	-	664,867	398,676	1,063,543
Self-employment Services	-	-	-	-	-	-	10,148	12	559	1	-	-	-	-	-	-	-	10,720	-	10,720
Educational Services	-	-	-	-	-	-	346	-	-	1,963	-	-	-	-	-	-	-	2,078	231	2,309
Health and Social Services	-	-	-	-	-	-	251,218	130	172	972	-	-	-	-	-	-	-	251,115	1,377	252,492
Other	13,358,805	89,252	-	-	-	-	612,078	1,805,575	30,827	32,143	-	-	-	-	-	-	-	3,318,328	13,302,549	5,944,459
Total	13,358,805	89,252	-	61,755	-	6,628,338	29,412,205	2,497,937	6,848,716	1,687,424	-	-	-	-	-	-	-	3,318,328	39,065,800	24,836,960

- 1. Contingent and non-contingent exposures to central governments or central banks
 - 2. Contingent and non-contingent exposures to regional governments or local authorities
 - 3. Contingent and non-contingent receivables from administrative units and non-commercial enterprises
 - 4. Contingent and non-contingent exposures to multilateral development banks
 - 5. Contingent and non-contingent exposures to international organisations
 - 6. Contingent and non-contingent exposures to banks and brokerage houses
 - 7. Contingent and non-contingent exposures to corporates
 - 8. Contingent and non-contingent retail exposures
 - 9. Contingent and non-contingent exposures secured by real estate property
 - 10. Past due receivables
 - 11. Receivables defined in high risk category by BRSA
 - 12. Exposures in the form of bonds secured by mortgages
 - 13. Securitization positions
 - 14. Short term exposures to banks, brokerage houses and corporates
 - 15. Exposures in the form of collective investment undertakings
 - 16. Stock exchange
 - 17. Other receivables
- (*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank.

BURGAN BANK A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

g. Risk profile according to sectors and counterparties (Continued):

31 December 2021	Exposure Categories (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agriculture	-	-	-	-	-	-	321,021	93	6,520	7,345	-	-	-	-	-	-	-	186,938	148,041	334,979
Farming and Stockbreeding	-	-	-	-	-	-	303,978	85	3,950	7,342	-	-	-	-	-	-	-	167,949	147,406	315,355
Forestry	-	-	-	-	-	-	14,027	8	-	1	-	-	-	-	-	-	-	13,401	635	14,036
Fishery	-	-	-	-	-	-	3,016	-	2,570	2	-	-	-	-	-	-	-	5,588	-	5,588
Manufacturing	-	-	-	-	-	-	8,386,682	14,959	413,849	277,807	-	-	-	-	-	-	-	4,440,313	4,652,984	9,093,297
Mining and Quarrying	-	-	-	-	-	-	133,688	912	9,625	26,944	-	-	-	-	-	-	-	84,207	86,962	171,169
Production	-	-	-	-	-	-	6,239,331	13,839	281,951	250,372	-	-	-	-	-	-	-	3,647,623	3,137,870	6,785,493
Electricity, Gas and Water	-	-	-	-	-	-	2,013,663	208	122,273	491	-	-	-	-	-	-	-	708,483	1,428,152	2,136,635
Construction	-	-	-	-	-	-	2,216,358	3,168	714,142	641,567	-	-	-	-	-	-	-	2,642,716	932,519	3,575,235
Services	-	-	-	31,428	-	2,752,456	8,327,834	8,707	4,087,982	477,622	-	-	-	-	-	-	-	5,965,629	9,720,400	15,686,029
Wholesale and Retail Trade	-	-	-	31,428	-	-	2,647,072	6,750	2,179,059	211,107	-	-	-	-	-	-	-	1,588,846	3,486,570	5,075,416
Hotel, Food and Beverage services	-	-	-	-	-	-	1,315,704	5	1,325,188	127,063	-	-	-	-	-	-	-	88,359	2,679,601	2,767,960
Transportation and Telecom	-	-	-	-	-	-	593,386	410	365,044	50,213	-	-	-	-	-	-	-	290,090	718,963	1,009,053
Financial Institutions	-	-	-	-	-	2,752,456	2,795,757	100	159,687	27	-	-	-	-	-	-	-	3,523,516	2,184,511	5,708,027
Real Estate and Rental Services	-	-	-	-	-	-	924,757	1,132	53,418	83,681	-	-	-	-	-	-	-	423,146	639,842	1,062,988
Self-employment Services	-	-	-	-	-	-	6,105	153	12	150	-	-	-	-	-	-	-	4,743	1,677	6,420
Educational Services	-	-	-	-	-	-	2,570	20	-	1,990	-	-	-	-	-	-	-	4,370	210	4,580
Health and Social Services	-	-	-	-	-	-	42,483	137	5,574	3,391	-	-	-	-	-	-	-	42,559	9,026	51,585
Other	6,940,156	77,816	-	-	-	-	226,699	195,159	38,753	34,166	-	-	-	-	-	-	2,472,904	4,200,816	5,784,837	9,985,653
Total	6,940,156	77,816	-	31,428	-	2,752,456	19,478,594	222,086	5,261,246	1,438,507	-	-	-	-	-	-	2,472,904	17,436,412	21,238,781	38,675,193

1.

Contingent and non-contingent exposures to central governments or central banks
2.

Contingent and non-contingent exposures to regional governments or local authorities
3.

Contingent and non-contingent receivables from administrative units and non-commercial enterprises
4.

Contingent and non-contingent exposures to multilateral development banks
5.

Contingent and non-contingent exposures to international organisations
6.

Contingent and non-contingent exposures to banks and brokerage houses
7.

Contingent and non-contingent exposures to corporates
8.

Contingent and non-contingent retail exposures
9.

Contingent and non-contingent exposures secured by real estate property
10.

Past due receivables
11.

Receivables defined in high risk category by BRSA
12.

Exposures in the form of bonds secured by mortgages
13.

Securitization positions
14.

Short term exposures to banks, brokerage houses and corporates
15.

Exposures in the form of collective investment undertakings
16.

Stock exchange
17.

Other receivables
- (*)

Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

h. Analysis of maturity-bearing exposures according to remaining maturities:

31 December 2022	Term To Maturity				
Risk classifications	1 Month	1-3 Months	3-6 Months	6-2 Months	More than 1 year
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	604,935	50,356	253,696	329,104	6,634,264
Contingent and Non-Contingent Receivables from Regional or Local Governments	-	-	-	-	89,252
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	61,755
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-
Contingent and Unconditional Receivables from Banks and Intermediary Institutions	2,628,447	1,001,303	384,325	356,865	1,903,816
Contingent and Non-Contingent Corporate Receivables	8,969,844	6,572,232	3,580,112	2,782,754	7,386,418
Contingent and Non-Contingent Retail Receivables	36,671	85,967	138,079	628,915	1,608,305
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	154,367	260,035	97,083	212,643	6,124,588
Past Due Loans	-	-	-	-	-
Higher Risk Categories Decided by the Board	-	-	-	-	-
Secured by Mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short-Term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-	-	-	-
Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
Total	12,394,264	7,969,893	4,453,295	4,310,281	23,808,398

31 December 2021	Term To Maturity				
Risk classifications	1 Month	1-3 Months	3-6 Months	6-2 Months	More than 1 year
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	396,517	341,443	37,909	254,927	1,354,022
Contingent and Non-Contingent Receivables from Regional or Local Governments	-	-	-	7,563	70,252
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	31,428	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-
Contingent and Unconditional Receivables from Banks and Intermediary Institutions	1,175,768	356,103	333,802	38,706	634,968
Contingent and Non-Contingent Corporate Receivables	6,805,568	841,421	1,412,717	4,457,235	5,961,653
Contingent and Non-Contingent Retail Receivables	17,379	6,473	15,441	64,076	118,716
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	146,857	103,370	163,980	137,880	4,709,158
Past Due Loans	-	-	-	-	-
Higher Risk Categories Decided by the Board	-	-	-	-	-
Secured by Mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short-Term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-	-	-	-
Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-
Other Receivables	-	-	-	-	15,618
Total	8,573,517	1,648,810	1,963,849	4,960,387	12,864,387

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

i. Information about the risk exposure categories

In the standard approach calculations, the Group uses Fitch Credit Rating Institution ratings when determining the risk weights of risk classes in accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks".

Fitch Credit Rating Institution ratings are taken into consideration when evaluating the entire class of receivables from central governments or central banks and receivable portfolios from financial institutions. Fitch Ratings are not taken into consideration for other risk classes.

The Fitch Rating assigned to a debtor is valid for all of the debtor's assets, no exception is made for a specific category of assets.

A Credit Rating Institution which is not included in the institution's mapping table is not taken into consideration in the credit risk amount calculation process.

j. Exposures by risk weights:

31 December 2022									
Risk Weights	0%	20%	35%	50%	75%	100%	150%	200%	Deductions from Equity
1.Exposures before Credit Risk Mitigation	12.977.538	7.195.449	148.498	10.697.320	731.991	28.600.687	1.685.029	1.866.246	18
2. Exposures after Credit Risks Mitigation	15.042.903	7.622.159	143.192	9.663.080	710.917	27.177.153	1.677.111	1.866.245	18

(*) The Group mitigates the credit risk using the simple financial collateral methods.

31 December 2021									
Risk Weights	0%	20%	35%	50%	75%	100%	150%	200%	Deductions from Equity
1.Exposures before Credit Risk Mitigation	6,855,894	2,334,220	471,656	4,962,933	112,275	23,775,535	162,679	-	1,626
2. Exposures after Credit Risks Mitigation	7,903,495	2,418,369	468,474	4,732,393	108,850	22,899,187	144,424	-	1,626

(*) The Group mitigates the credit risk using the simple financial collateral methods.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

k. Informations in terms of major sectors and type of counterparties:

31 December 2022	Loans		Provisions	
Major Sectors / Counterparties	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provision (TFRS 9-Stage 2)	Expected Credit Loss Provision (TFRS 9-Stage 3)
Agriculture	-	5,008	-	612
Farming and Stockbreeding	-	5,001	-	605
Forestry	-	1	-	1
Fishery	-	6	-	6
Manufacturing	1,115,915	424,434	102,556	141,753
Mining and Quarrying	8,276	650	318	596
Production	1,107,639	409,343	102,238	128,888
Electricity, Gas and Water	-	14,441	-	12,269
Construction	197,019	875,441	45,332	141,470
Services	6,503,330	998,431	1,438,612	364,198
Wholesale and Retail Trade	4,223,966	331,032	749,048	57,172
Accommodation and Dining	2,091,816	641,155	670,882	298,196
Transportation and Telecom	87,355	3,205	16,942	1,057
Financial Institutions	2,982	11	109	11
Real Estate and Rental Services	97,120	15,417	1,621	3,087
Professional Services	-	5	-	4
Educational Services	91	4,498	10	2,535
Health and Social Services	-	3,108	-	2,136
Other	64,248	83,234	23,869	16,269
Total	7,880,512	2,386,548	1,610,369	664,302

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

k. Informations in terms of major sectors and type of counterparties (Continued):

31 December 2021	Loans		Provisions	
	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provision (TFRS 9-Stage 2)	Expected Credit Loss Provision (TFRS 9-Stage 3)
Major Sectors / Counterparties				
Agriculture	-	7,972	-	612
Farming and Stockbreeding	-	7,963	-	606
Forestry	-	2	-	1
Fishery	-	7	-	5
Manufacturing	937,358	451,200	155,294	147,377
Mining and Quarrying	7,151	29,317	257	2,234
Production	930,207	420,634	155,037	144,385
Electricity, Gas and Water	-	1,249	-	758
Construction	197,168	990,002	59,007	293,951
Services	5,412,650	1,010,773	1,233,679	402,254
Wholesale and Retail Trade	3,377,000	342,134	560,317	102,993
Accommodation and Dining	1,923,819	335,091	656,936	106,959
Transportation and Telecom	32,616	75,279	13,649	24,748
Financial Institutions	2,485	402	12	375
Real Estate and Rental Services	68,000	243,269	707	159,941
Professional Services	-	153	-	3
Educational Services	2,335	4,593	1,167	2,603
Health and Social Services	6,395	9,852	891	4,632
Other	75,695	116,566	1,335	38,503
Total	6,622,871	2,576,513	1,449,315	882,697

l. Information about Value Adjustment and Change in Provisions:

31 December 2022	Opening Balance	Provision for Period	Write off from Asset	Other Adjustments (*)	Closing Balance
1. Specific Provisions (**)	902,710	278,153	(519,481)	23,403	684,785
2. General Provisions	1,524,981	466,954	(605,610)	300,156	1,686,481
TOTAL	2,427,691	745,107	(1,125,091)	323,559	2,371,266

(*) Includes specific provisions allocated for uncompensated non-cash loans, cheque-book allowances and free provisions which the Bank has classified as non-performing loans.

(**) The Other Adjustments column consists of asset sales and exchange rate differences of provisions in foreign currencies.

31 December 2021	Opening Balance	Provision for Period	Write off from Asset	Other Adjustments (**)	Closing Balance
1. Specific Provisions (***)	755,476	197,070	(54,274)	4,438	902,710
2. General Provisions	841,202	196,480	(29,920)	517,219	1,524,981
TOTAL	1,596,678	393,550	(84,194)	521,657	2,427,691

(*) Includes specific provisions allocated for uncompensated non-cash loans, cheque-book allowances and free provisions which the Bank has classified as non-performing loans.

(**) The Other Adjustments column consists of asset sales and exchange rate differences of provisions in foreign currencies.

m. Risks Included in Cyclical Capital Buffer Calculation:

None.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT:

Risk Management Approach and Risk Weighted Amounts

a. Risk Management Approach of the Group:

1. The way risk profile of the Group is determined by business model and its interaction and risk appetite:

The Group prepares its business strategy and medium- and long-term plans including medium- and long-term growth objectives and makes an annual revision through reviewing. The Group reviews its business strategy and plans annually in a periodic manner and aforementioned business strategies are reviewed ad hoc and more frequently and can be revised if it is required by economic developments and market conditions. Risk appetite of the Group is designated in full compliance with its business strategy and main risks, which shall be taken due to main components of main activity area and business strategy of the Group, comprise main inputs of risk appetite determined by Board of Directors.

2. Risk management structure: Responsibilities assigned within the body of the Group:

Board of Directors is responsible for developing a risk appetite in compliance with business strategy of the Bank and establishing a risk management system in line with risk appetite. Board of Directors carries out activities such as definition, monitoring, reporting of the risk and developing risk mitigating measures through Audit Committee, Board of Directors Risk Committee, Risk Coordination Committee, Assets and Liabilities Committee (ALCO) and Risk Management Group, Internal Control Centre, Directorate of Supervisory Board and Compliance Departments.

Audit Committee controls whether provisions included in legislation related risk management and intra-group and implementation procedures approved by the Board of Directors are applied or not and makes recommendations to board of directors regarding measures which should be taken. It also evaluates whether there are method, instrument and implementations procedures required for identification, measurement, monitoring and controlling of Group's risks or not.

Board of Directors Risk Committee is responsible for the development of risk management systems in line with business strategy and risk appetite of the Group, presentation of amendment recommendations related to risk management policies to Board of Directors and establishment of required method, instrument and implementation procedures in order to ensure identification, measurement, monitoring and reporting of risks by non-executive independent departments.

ALCO is responsible to monitor and manage structural asset-liability non-compliance of the Parent Bank together with the monitoring and controlling of liquidity and exchange risks through holding meetings on a weekly basis.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

Risk Management Department, which carries out its activities independent from executive functions, consist of Credit Risk and Modelling Department operating under Credit and Market Risk Department, Market Risk Department and Operation Risk Department. Credit Risk and Modelling Department is responsible for defining, measuring, monitoring and reporting of outputs with respect to risks exposed by the Parent Bank and its partners which are subject to consolidation and sharing of solution recommendations for risk mitigation with related departments. Credit risk appetite limits, which are approved by Board of Directors, are monitored in specific periods and results are reported to Board of Directors and Senior Management. The department gives support to credit risk analysis through stress tests, reverse stress tests and scenario analysis. The department is also responsible for monitoring the results of internal rating systems and TFRS 9 models, conducting validation and calibration works.

Market Risk Department is responsible for defining, measuring, monitoring and reporting of outputs with respect to risks exposed by the Parent Bank and its partners which are subject to consolidation. The department is also responsible to monitor and report limits specified related to treasury risk parameters and liquidity risk. Limit-risk follow-up regarding counterparty credit risk, stress tests and scenario analysis are also under the responsibility of the department in question.

Operation Risk Department carries out definition, measurement, evaluation, controlling, mitigation, monitoring and reporting activities of operational risks. Internal Audit is responsible for the evaluation of operational risk management framework with its all aspects in an independent manner. The aforementioned evaluation includes both activities of business units and also activities of Operation Risk Management.

Internal Control Center carries out activities at secondary control level in order to monitor and report risks and develop measures reducing risks with executive departments. Directorate of Supervisory Board carries out required intra-company audits in order to reduce risks exposed by the Parent Bank to a minimum level.

Compliance Department carries out the function to monitor legislative amendments and validity and effective date of regulations and timely informing of related parties with respect to aforementioned issues. Regulations, which are directly or indirectly related to risks exposed by Parent Bank are shared with both executive and non-executive departments such as Risk Management Group.

3. Channels which are used to extend and apply risk culture in the Group:

Risk Management application is developed on Intranet platform for the purpose of increasing awareness of employees in order to extend risk culture within the body of the Group. Through this application, trainings and documents increasing awareness are shared with employees. Online trainings, related to risk management developed in order to raise awareness of employees, are shared with employees via remote training platform. Risk point of views of employees are supported through in-class trainings, if required.

Information on risk position of the Group, expected and unexpected loss estimations, impacts of negative conditions on balance sheet of the Group and realization levels of risk appetite limits determined by Board of Directors is share with Board of Directors, related committees and senior management by Risk Management Group through reports issued. If there exists an overflow on the risk appetite limits, related departments are informed in order to ensure taking of pre-determined measures and results are monitored by Risk Management Group.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

4. Main components and scope of risk measurement systems:

Rating is used for corporate and commercial clients while score card and decision tree are used for retail loans in the Group in order to measure loan risk. Internal rating systems are designated in the framework of business strategy, risk appetite, regulations of authorities with respect to rating systems and internal policies and their performances are periodically monitored by Risk Management Group and results are reported to Board of Directors and senior management. On the other hand, validations and calibrations of rating models are carried out / coordinated by Credit Risk and Modelling Department. The Group has information systems enabling reporting according to sector, segment, branch, currency, maturity, internal rating grade and risk class of credit portfolio. Risk appetite limits determined in the Loan Risk Policy are monitored on a monthly basis and the results are reported to Board of Directors and senior management.

The Group determines internal limits which are revised in the framework of business model, strategy and risk appetite of the Group reviewed at least on an annual basis for exchange rate, interest, counterparty and liquidity risk which may be exposed. All limits are approved by Board of Directors and monitored in an effective manner by Board of Directors.

Basic Indicator Approach is used in order to determine capital requirement required for operational risk in accordance with legislations of BRSA. The Group registers operational risk situations in the operational risk database and performs risk control self-evaluation studies in order to raise awareness in operational risks, determine current operational risks and reduce possible negative impacts of such risks to minimum.

5. Disclosures on risk reporting processes provided to Board of Directors and senior management:

Risk Management Group reports results of analysis related to risks such as credit, liquidity and operational to Board of Directors, Audit Committee, Board of Directors Risk Committee, Risk Coordination Committee, ALCO and senior management. Reporting is made to Risk Coordination Committee and Board of Directors on a monthly basis while it is made to Audit Committee and Board of Directors Risk Committee on a quarterly basis.

Results of concentration and credit risk stress test based on sector, segment, maturity, collateral, currency, internal rating grade of credit; structural interest rate risk sourcing from banking accounts, details related to derivatives, liquidity analysis, stress tests made related to counterparty credit risk, deposit concentration, realizations related to risk appetite limits of market and liquidity; historical developments of operational risks based on loss categories and their distribution based on Parent Bank and subsidiaries are included in aforementioned reports.

6. Disclosures on Stress Test:

The Group makes stress tests for risk categories of credit, market, liquidity and operational risk both in scope of Internal Capital Adequacy Assessment Process (ICAAP) and also as periodical internal and results are shared with Board of Directors, senior management and audit authority, if required.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

The Group considers scenarios announced by BRSA and pre-determined negative and extremely negative scenarios for stress tests made in scope of ICAAP. Scenarios are determined through taking macro-economic variables, business strategy and risk appetite of the Group and negative past conditions into account. In scope of ICAAP, both particular and also total stress tests are made based on significant risk types.

Internal periodic stress tests are made in the framework of scenarios determined internally in accordance with portfolio, business strategy, risk appetite and retrospective estimations of the Bank. The Bank prepares its internal periodic stress tests through benefiting from sensitivity analysis, stress test, reverse stress test and scenarios analysis instruments. Credit risk stress tests include scenarios such as depreciation of Turkish Lira, increase in overdue receivables and decrease in real estate values. On the other hand, reverse stress tests towards risk appetite limits through scenario analysis related to concentration index are periodically made. Scenario analyzes are carried out regarding the impact of fluctuations in macroeconomic indicators on the expected loss provision, and the results are shared with the senior management.

Impact of each shock on profitability and capital is measured in stress tests made in scope of Market Risk. Risk factors, for which a shock is applied, are exchange rates, interests and prices of shares. Foreign exchange position gain/loss sourcing from sudden exchange and interest movements, banking activities, impact of Interbank transactions and Commercial Funding on capital, bond, derivative and share portfolio gain/loss are calculated in stress tests.

Impact of exchange, volatility and interest shocks on derivative portfolio specific for customer is reviewed in scope of Counterparty Credit Risk stress tests and results are discussed in related committees.

In scope of operational risk tests, loss estimation is made through statistical methods via taking historical loss data into account and its effect on capital requirement is reviewed.

7. Risk management, hedging and mitigation strategies and process of the group sourcing from its business model and Monitoring processes of continuing effects of protection and mitigation

The Group includes collaterals in Communique on Credit Risk Mitigation Techniques to credit risk mitigation with respect to capital requirements calculations and those collaterals are used in calculations over their consideration rates in the aforementioned communique. The operational conditions mentioned in the related Communique should be met in order to be able to include collaterals in credit risk mitigation.

Determination of actions towards mitigation through evaluating risks exposed in current processes, key risk indicators and loss events, use of support services and pre-evaluation studies of implementation procedures and policies of new products are carried out in order to mitigate risk which are exposed or shall be exposed in operational risk management. Insurances towards risk mitigation are made. Risk mitigation exposed due to a cut-off is aimed to be reduced through Business Continuity Plan approved by Board of Directors ensuring the continuity of operations in reasonable periods. In this scope, Business Continuity Plan is periodically tested and required updates are made.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
GROUP ON A CONSOLIDATED BASIS (Continued):**

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

Overview of Risk Weighted Amounts

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis, due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of the date 31 December 2022:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

In accordance with the Board Decision dated 28 April 2022 and numbered 10188, a two hundred percent risk weight has been applied to commercial TL cash loans to be extended as of 1 May 2022 (excluding loans exempted as per the decision).

With the Board Decision of 23 June 2022 and numbered 10248, it was decided to apply a five hundred percent risk weight to commercial cash loans in TL and FC that will be extended to non-residents, excluding banks and financial institutions, after the date of the said Decision. In addition, some regulations have been introduced regarding the use of credit by companies subject to independent auditing. In this context, in case the companies fail to notify the bank of their documents in accordance with the board decision or give information contrary to the statement, new cash commercial loans in TL should not be extended to the relevant companies and 500% risk weight should be applied to all cash commercial loans within the scope of the aforementioned 30 June 2022 and after.

Within the framework of the "Regulation Amending the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks" ("Regulation") published in the Official Gazette dated 4 February 2022 and numbered 31740, The counterparty credit risk of derivative transactions followed in banking accounts and purchasing accounts and not executed with a central counterparty is calculated with the Standard Approach method as of 1 July 2022, as explained in Annex 2 of the Regulation. In the calculations, collaterals and special netting agreements are taken into account to the extent permitted by the method explained in Annex 2. Similarly, the credit valuation adjustment for derivative transactions, margined securities, repo and reverse repo transactions that are not made with a central counterparty is calculated on the basis of the updated Regulation Annex - 2 rule set. When calculating the central counterparty capital requirement for derivative products made with a central counterparty, the updated Regulation Annex - 4 rule set is taken as basis.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

Overview of Risk Weighted Amounts (Continued):

	Risk Weighted Amounts		Minimum Capital Liability
	Current Period 31 December 2022	Prior Period 31 December 2021	Current Period 31 December 2022
1 Credit risk (excluding counterparty credit risk) (CCR)	39,813,838	25,739,586	3,185,107
2 Standardised approach (SA)	39,813,838	25,739,586	3,185,107
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	975,833	731,365	78,067
5 Standardised approach for counterparty credit risk (SA-CCR)	975,833	731,365	78,067
6 Internal Model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies – look– through approach	-	-	-
9 Investments made in collective investment companies – mandate-based approach	-	-	-
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB supervisory formula approach (SFA)	-	-	-
15 SA/simplified supervisory Formula Approach (SSFA)	-	-	-
16 Market risk	2,102,141	464,105	168,171
17 Standardised approach (SA)	2,102,141	464,105	168,171
18 Internal model approaches (IMM)	-	-	-
19 Operational risk	1,814,569	1,681,628	145,166
20 Basic indicator approach	1,814,569	1,681,628	145,166
21 Standard approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor Adjustments	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	44,706,381	28,616,684	3,576,511

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

b. Relationships between financial statements and risk amounts

1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

			Carrying values of items in accordance with TAS				
	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with TAS	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
31 December 2022							
Assets							
Cash and balances with the Central Bank (net)	6.848.758	6.848.758	5.304.573	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss (net)	857.723	857.723	-	254.241	-	170.885	18
Financial Assets at Fair Value Through Profit or Loss (net)	-	-	-	-	-	-	-
Banks (net)	1.752.576	1.752.576	1.333.166	-	-	-	-
Money Market Placements (net)	1.879.256	1.879.256	1.554.073	1.879.256	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (net)	1.626.631	1.626.631	1.626.631	7.814	-	-	-
Loans and Receivables (net)	35.048.836	35.048.836	32.361.405	-	-	-	-
Factoring Receivables (net)	-	-	-	-	-	-	-
Other Financial Assets measured at Amortized Cost (net)	5.380.706	5.380.706	5.380.706	1.582.000	-	-	-
Investment in Associates (net)	-	-	-	-	-	-	-
Investment in Subsidiaries (net)	-	-	-	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-	-	-
Lease Receivables	4.476.600	4.476.600	3.851.082	-	-	-	-
Derivative Financial Assets Held For Hedging (net)	2.237.322	2.237.322	-	2.237.322	-	-	-
Property And Equipment (net)	1.583.273	1.583.273	1.571.509	-	-	-	11.764
Intangible Assets (net)	86.599	86.599	-	-	-	-	86.599
Investment Property (net)	-	-	-	-	-	-	-
Tax Asset (net)	194.447	194.447	6.770	-	-	-	-
Assets Held For Resale And Related To Discontinued Operations (net)	855.289	855.289	855.289	-	-	-	-
Other Assets	919.974	919.974	619.385	-	-	-	-
Total assets	63.747.990	63.747.990	54.464.589	5.960.633	-	170.885	98.381
Liabilities							
Deposits	39.713.548	39.713.548	-	-	-	-	39.713.548
Derivative Financial Liabilities Held for Trading	299.790	299.790	-	126.040	-	223.884	173.750
Funds Borrowed	7.457.777	7.457.777	-	-	-	-	7.457.777
Money Markets	1.656.295	1.656.295	-	1.656.295	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Miscellaneous Payables	3.250.000	3.250.000	-	-	-	-	3.250.000
Other Liabilities	685.970	685.970	-	-	-	-	685.970
Factoring Payables	-	-	-	-	-	-	-
Lease Payables	83.046	83.046	-	-	-	-	83.046
Derivative Financial Liabilities Held For Hedging	154.717	154.717	-	-	-	-	154.717
Provisions	953.599	953.599	-	-	-	-	953.599
Tax Liability	627.939	627.939	-	-	-	-	627.939
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-	-	-
Subordinated Loans	3.771.359	3.771.359	-	-	-	-	3.771.359
Shareholder's Equity	5.093.950	5.093.950	-	-	-	-	5.093.950
Total Liabilities	63.747.990	63.747.990	-	1.782.335	-	223.884	61.965.655

(*) On the table above, amounts of allocated TFRS 9 loss provisions in the current period are presented by netting in the related balance sheet entries.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

c. Relationships Between Financial Statements and Risk Amounts:

1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

31 December 2021	Carrying values of items in accordance with TAS						
	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with TAS	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to credit risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with the Central Bank (net)	6,391,851	6,391,851	4,481,009	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss (net)	1,295,297	1,295,297	-	1,160,303	-	179,496	1,626
Financial Assets at Fair Value Through Profit or Loss (net)	-	-	-	-	-	-	-
Banks (net)	556,370	556,370	450,329	-	-	-	-
Money Market Placements (net)	42,500	42,500	42,500	42,500	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (net)	684,150	684,150	684,149	1,295	-	-	-
Loans and Receivables (net)	24,019,354	24,019,354	21,107,658	-	-	-	-
Factoring Receivables (net)	-	-	-	-	-	-	-
Other Financial Assets measured at Amortized Cost (net)	1,023,468	1,023,468	1,023,468	273,313	-	-	-
Investment in Associates (net)	-	-	-	-	-	-	-
Investment in Subsidiaries (net)	-	-	-	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-	-	-
Lease Receivables	3,750,252	3,750,252	2,812,423	-	-	-	-
Derivative Financial Assets Held For Hedging (net)	1,693,717	1,693,717	-	1,693,717	-	-	-
Property And Equipment (net)	815,278	815,278	802,196	-	-	-	13,082
Intangible Assets (net)	53,411	53,411	-	-	-	-	53,411
Investment Property (net)	-	-	-	-	-	-	-
Tax Asset	27,597	27,597	10,605	-	-	-	-
Assets Held For Resale And Related To Discontinued Operations (net)	1,039,012	1,039,012	1,039,012	-	-	-	-
Other Assets (net)	579,524	579,524	396,889	-	-	-	-
Total assets	41,971,781	41,971,781	32,850,238	3,171,128	-	179,496	68,119
Liabilities							
Deposits	24,363,175	24,363,175	-	-	-	-	24,363,175
Derivative Financial Liabilities Held for Trading	469,677	469,677	-	464,898	-	127,157	4,779
Funds Borrowed	8,269,255	8,269,255	-	-	-	-	8,269,255
Money Markets	272,768	272,768	-	272,768	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Miscellaneous Payables	1,967,568	1,967,568	-	-	-	-	1,967,568
Other Liabilities	284,543	284,543	-	-	-	-	284,543
Factoring Payables	-	-	-	-	-	-	-
Lease Payables	76,060	76,060	-	-	-	-	76,060
Derivative Financial Liabilities Held For Hedging	118,110	118,110	-	-	-	-	118,110
Provisions	255,030	255,030	-	-	-	-	255,030
Tax Liability	73,973	73,973	-	-	-	-	73,973
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-	-	-
Subordinated Loans	3,347,213	3,347,213	-	-	-	-	3,347,213
Shareholder's Equity	2,474,409	2,474,409	-	-	-	-	2,474,409
Total Liabilities	41,971,781	41,971,781	-	737,666	-	127,157	41,234,115

(*) On the table above, amounts of allocated TFRS 9 loss provisions in the current period are presented in the related balance sheet.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

2. Main sources of differences between Amounts valued in accordance with TAS and Risk Exposures

	31 December 2022	Total	Subject to Credit Risk	Subject to the Securitisation	Subject to Counterparty Credit Risk	Subject to Market Risk
1	Asset carrying value amount under scope of regulatory consolidation	60,596,107	54,464,589	-	5,960,633	170,885
2	Liabilities carrying value amount under regulatory scope of consolidation	(2,006,219)	-	-	(1,782,335)	(223,884)
3	Total net amount under regulatory scope of consolidation	58,589,888	54,464,589	-	4,178,298	(52,999)
4	Off-Balance Sheet Amounts	9,135,707	9,135,707	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences Resulted from the BRSA's Applications	(1,720,694)	(3,043,121)	-	(832,713)	2,155,140
9	Differences due to credit risk reduction	-	-	-	-	-
10	Risk Amounts	66,004,901	60,557,175	-	3,345,585	2,102,141

	31 December 2021	Total	Subject to Credit Risk	Subject to the Securitisation	Subject to Counterparty Credit Risk	Subject to Market Risk
1	Asset carrying value amount under scope of regulatory consolidation	36,200,862	32,850,238	-	3,171,128	179,496
2	Liabilities carrying value amount under regulatory scope of consolidation	(864,823)	-	-	(737,666)	(127,157)
3	Total net amount under regulatory scope of consolidation	35,336,039	32,850,238	-	2,433,462	52,339
4	Off-Balance Sheet Amounts	5,741,740	5,741,740	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences Resulted from the BRSA's Applications	(1,938,482)	(2,143,929)	-	(206,319)	411,766
9	Differences due to credit risk reduction	-	-	-	-	-
10	Risk Amounts	39,139,297	36,448,049	-	2,227,143	464,105

3. Disclosures on Differences between Amounts valued in accordance with TAS and Risk Exposures

There is no difference between the Group's accounting and legal consolidation scope.

There exists no difference between accounting and legal consolidation scopes of the Group. Significant differences between amounts valued in accordance with TAS and Risk exposures source from securities and derivatives. Securities mentioned in repo transaction in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are designated in Money Markets Debts item. For derivative transactions, the Group has foreign exchange swap and interest swap products which are monitored under trading accounts and made for structural interest rate risk and liquidity risk management. Therefore, those products should not be considered in scope of market risk although they are monitored under trading accounts in accordance with TAS.

Valuation methodologies, including disclosure on using of market value and model value methodologies, performs valuation of financial assets of the Parent Bank tracked under trading accounts on a daily basis. Market prices, obtained from independent data providers, are kept in treasury system and valuations are made systemically.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

Market values of products such as forward exchange, foreign exchange swaps and interest swaps traded in over the counter markets are calculated based on discounting of cash flows over market interest rates. Globally accepted valuation methodologies are used for option products.

The Parent Bank uses weighted average prices for securities trades in BIST for Turkish Lira securities portfolio while it uses prices in nature of indicator announced by Central Bank for securities not traded on BIST. Market average prices, obtained from independent data providers, are used for foreign currency securities.

Description of independent price approval processes: The Parent Bank obtains market prices, which shall be used in valuation, from independent data providers and manages through checkpoints established independent from risk generating unit/departments. Valuation prices are determined through collection of data in treasury system for risk factors exposed at a pre-determined hour in each day. The aforementioned data is formed following an inquiry executed by Information Technologies without the interruption of any users. Prices, which shall be used in valuations, are controlled by Market Risk Department on a daily basis.

Besides, Market Risk Department methodologically controls, and documents yield curves, valuation methods and accuracy of fair value calculations periodically.

Processes for valuations adjustments or differences: The Group does not make valuation adjustment since financial assets recognized at fair value are traded on an active market.

d. Credit Risk Disclosures

1. General Qualitative Information on Credit Risk:

i. Conversion of Bank's business model to components of credit risk profile:

The Group has forward-looking measurement and forecast instruments which are sensitive to risk and including appropriate information technology applications and management information systems in order to take expected or unexpected losses into account in all types of risk under both normal and also negative market conditions. The conversion of business model to components in risk profile is digitized through aforementioned instruments. The Group especially uses stress test and scenario analysis in order to measure effects of negative conditions on the Group's portfolio and business strategy and risk appetite to the Group is considered while determining parameters for respective analysis.

ii. Criteria and approach used during the determination of credit risk policy and credit risk limits:

The Group determines short-, medium- and long-term credit strategies in line with business strategy and risk appetite and performs studies in line with criteria details in policies of credit policies and credit risk policies in order to minimize expected and unexpected losses exposed due to credit operations. Credit policies determines procedures related to crediting, monitoring, collection and administrative and legal proceedings based on prudent man and applicability principles. Besides, general framework of credit risk studies made in order to execute credit risk in an efficient manner which is requested by legal authorities.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

ii. Criteria and approach used during the determination of credit risk policy and credit risk limits (continued):

Therefore, Credit Risk Policy, forming top level framework of credit risk studies of the Group, and credit risk limits detailed in this document are determined based on legal requirements, business strategy of the Group, credit strategy, risk appetite and credit policies and reviewed at least annually and updated, if required. Business strategy, risk appetite and retrospective portfolio realizations are taken into consideration while determining credit risk limits. On the other hand, methods such as stress test and reverse stress test are used during the determination of limit levels.

iii. Structure and organization of credit risk management and control function

All of the process related to direct or indirect credit allocation, extension, monitoring and operation of the Group in favour of individuals or legal entities are reviewed in scope of credit risk management. In this context, first level of controls is detailed in credit policies and implementation principles. Internal rating systems are benefited as well as credit allocation processes in order to measure creditability of customers.

Credit risk studies in scope of capital adequacy are carried out by Credit Risk and Modelling Department within the body of Risk Management Group in the framework of Credit Risk Policy. Credit Risk Policy include activities related to credit risk management, credit risk management organization, related parties and their responsibilities and duties, main principles, implementations, limits and reporting determine in credit risk management.

Duties and responsibilities of Risk Management Group Credit Risk and Modelling Department with respect to credit risk management are as follows:

- To make principal amount calculations subject to legal credit risk in the framework of determined rules by related regulations of BRSA and to monitor up-to-datedness of application used in this scope,
- To report results of analysis related to risk definition, measurement, analysis, monitoring and portfolio subject to in/off balance sheet credit risks to senior management in scope of Credit Risk Policy approved by Board of Directors and related application principles,
- To support development of rating/score card models for corporate, commercial and retail credits, to monitor their performances and to participate/coordinate their validation studies,
- To perform credit risk stress test, reverse stress test and scenario analysis determined through related regulations of BRSA and approved by Board of Directors and to share respective results with Risk Coordination Committee, senior management, Audit Committee, Board of Directors Risk Committee and Board of Directors,

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

- To make probability of default (PD), loss given default (LGD) and residual risk calculations based on internal rating models and share opinion and recommendations for the establishment of infrastructure for aforementioned calculations,
- To analyse credits portfolio through applying stress test, reverse stress test and scenario analysis, if required, for credit risk management,
- To monitor, report risk appetite limits determined in Credit Risk Policy periodically and share opinion and recommendations in revision of risk appetite limits,
- To share recommendations developed for stress test and scenario analysis in order to be presented to Board of Directors, with Risk Coordination Committee and Risk Committee,
- To monitor the performance of TFRS 9 models, to perform and/or to coordinate model revision, validation and calibration works.

iv. Relation between credit risk management, risk control, legal compliance and internal audit functions:

Three lines control mechanism is established in order manage credit risk and to reduce expected and unexpected losses to a minimum level at the Group. The first line of controls are performed by executive units and include controls in entering into credit relation with customers having high level of creditability, credit allocation, crediting, repayment and monitoring phases. The second line of controls include activities performed by Risk Management Group and Internal Control Department and consist of definition, measurement, monitoring, reporting of risks and development of measures which shall reduce credit risk with executive departments. The third line of controls are performed by Supervisory Board. Directorate of Supervisory Board carries out required intra-company audits in order to reduce risks exposed by the Bank to a minimum level.

Compliance Department carries out the function to monitor legislative amendments and validity and effective date of regulations and timely informing of related parties with respect to aforementioned issues. Regulations, which are directly or indirectly related to risks exposed by Bank are shared with both executive and non-executive departments such as Risk Management Group.

Internal Audit function is executed by Directorate of Supervisory Board at the Bank. In this context, evaluations with respect to credit risk are carried out by Directorate of Supervisory Board through taking risks exposed by the Parent Bank and related controls into account in the framework of annual audit plans. Assurance is provided on effectiveness and sufficiency of internal control and risk management strategies related to credit risk activity field executed towards strategies and objectives of the Group through credit risk management in scope of headquarters unit and process audits and branch audits including participation of Directorate of Supervisory Board.

Managers of Risk Management Group, Internal Control Centre, Compliance Department and Directorate of Supervisory Board inform members of Committee through holding Risk Coordination Committee on a monthly basis and Audit Committee and Board of Directors Risk Committee meetings held on quarterly basis. Issues determined in the framework of second and third level of controls are examined in meetings for credit risk management and risk mitigation measures are reviewed. Those departments report to Board of Directors through Audit Committee and Board of Directors Risk Committee.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

v. Disclosures regarding risk reporting processes provided to members of Board of Directors and senior management

Credit risk exposed by the Group is monitored periodically by Risk Management Group Credit Risk and Modelling Departments and results are shared with senior managers of ALCO, credit marketing and allocation on a weekly basis, with Board of Directors and Risk Coordination Committee on a monthly basis and with Board of Directors Risk Committee on a quarterly basis. The scope and main content of aforementioned reports consist of sector, segment, risk classes, internal rating grades, collateral concentration of credit portfolio; close monitoring and legal proceedings portfolios, ageing analysis, probability of default estimations calculated based on rating and scoring systems, foreign currency and maturity concentrations, capital adequacy, periodical comparisons and result of stress test and scenarios analysis.

2. Credit Quality of Assets

	31 December 2022	The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation		Allowances/ depreciation and impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	2,386,548	39,470,201	2,331,270	39,525,479
2	Debt Securities	-	7,580,417	43	7,580,374
	Off-balance sheet exposures	35,367	10,404,147	35,356	10,404,158
4	Total	2,421,915	57,454,765	2,366,669	57,510,011

	31 December 2021	The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation		Allowances/ depreciation and impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	2,576,513	27,588,347	2,395,241	27,769,619
2	Debt Securities	-	1,817,967	13	1,817,954
	Off-balance sheet exposures	44,716	7,504,343	30,902	7,518,157
4	Total	2,621,229	36,910,657	2,426,156	37,105,730

3. Changes in Stock of Defaulted Loans and Debt Securities

31 December 2022		
1	Defaulted loans and debt securities at the end of the previous reporting period	2,621,229
2	Loans and debt securities that have defaulted since the last reporting period	525,564
3	Returned to non-defaulted status	-
4	Amounts written off (-)	(109,248)
5	Other changes	(615,630)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	2,421,915

31 December 2021		
1	Defaulted loans and debt securities at the end of the previous reporting period	2,276,884
2	Loans and debt securities that have defaulted since the last reporting period	839,952
3	Returned to non-defaulted status	-
4	Amounts written off (-)	(32,892)
5	Other changes	(462,715)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	2,621,229

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

4. Additional Disclosures Related to Credit Quality of Assets:

i. Scope and descriptions of "overdue" receivables and "provisioned" receivables which are used for accounting and differences between descriptions of "overdue" and "provisioned", if available:

Receivables having a delay of more than 90 days are defined as "overdue receivables". There is no difference between "overdue receivable" and "provisioned" definitions since whole overdue receivables are subject to the calculation of provision.

ii. Part of overdue receivables (more than 90 days) which are not evaluated as "provisioned" and reasons for this application:

None.

iii. Descriptions of methods used while determining provision amounts:

As of 1 January 2018, in accordance with the Communiqué related to "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" published in the Official Gazette no. 29750 dated 22 June 2016, the Group has started to allocate a loss allowance for expected credit losses on financial assets and loans measured at amortized cost in accordance with TFRS 9. In this context, as of 31 December 2017, the credit loss allowance method within the framework of the BRSA's related legislation has been changed to the loss allowance for expected credit losses model with the implementation of TFRS 9. The predictions of expected credit loss forecasts include credible information, which is objective, probability-weighted, supportable about past events, current conditions, and forecasts of future economic conditions.

iv. Descriptions of restructured receivables:

Loans and other receivables can be restructured, through providing additional loan, if required, or linked to a repayment schedule in order to provide collection of receivable of the bank and provide liquidity capacity to debtor if the non-fulfillment of liabilities related to credits and other receivables is sourcing from temporary liquidity deficiency in accordance with principles of the regulation.

v. Breakdown of receivables according to geographical regions, sector and residual maturity:

Separation of receivables according to geographical area (cash and non-cash loans, leasing receivables and non-performing loans):

		31 December 2022	31 December 2021
1	Domestic	49,121,665	34,089,513
2	European Union Countries	387,819	602,765
3	OECD Countries (*)	98,220	69,906
4	Off-shore Banking Regions	-	-
5	USA, Canada	5,376	3,832
6	Other Countries	21,184	50,153
7	Associates, Subsidiaries and Jointly Controlled Entities	-	-
8	Unallocated Assets / Liabilities	-	-
9	Total	49,634,264	34,816,169

(*) Includes OECD countries other than EU countries, USA and Canada.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

Breakdown of receivables by sector (Cash and non-cash loans and non-performing loans):

		31 December 2022	31 December 2021
1	Agriculture	1,099,925	511,929
2	Farming and Stockbreeding	934,558	488,326
3	Forestry	164,465	18,050
4	Fishery	902	5,553
5	Manufacturing	16,852,035	12,541,661
6	Mining and Quarrying	97,425	218,166
7	Production	12,564,490	9,481,943
8	Electricity, Gas and Water	4,190,120	2,841,552
9	Construction	3,156,766	4,133,483
10	Services	25,751,950	16,754,328
11	Wholesale and Retail Trade	9,752,954	6,436,879
12	Accommodation and Dining	3,979,514	3,476,676
13	Transportation and Telecom	1,446,947	1,352,929
14	Financial Institutions	9,076,913	3,973,707
15	Real Estate and Rental Services	1,225,405	1,447,000
16	Professional Services	10,677	7,802
17	Educational Services	2,349	3,483
18	Health and Social Services	257,191	55,852
19	Other	2,773,588	874,768
20	Total	49,634,264	34,816,169

Separate receivables according to remaining demand (cash and non-cash loans and non-performing loans):

	1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributable	Total
31 December 2022							
Cash and Non-cash loans	16,500,880	9,432,257	9,050,894	9,119,259	3,808,728	1,722,246	49,634,264
31 December 2021							
Cash and Non-cash loans	9,625,538	6,104,291	5,409,583	7,492,645	4,490,296	1,693,816	34,816,169

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

vi. Amounts of receivables provisioned based on geographical regions and sector and amount written-off from assets through related provisions (Continued):

Geographical and sectoral breakdowns of impaired and overdue receivables and provisions made for those receivables and value adjustments are in the below table and all amounts included are domestic.

		31 December 2022		31 December 2021	
		Non Performing Loans	Special Provisions	Non Performing Loans	Special Provisions
1	Agriculture	5,008	612	7,972	612
2	Farming and Stockbreeding	5,001	605	7,963	606
3	Forestry	1	1	2	1
4	Fishery	6	6	7	5
5	Manufacturing	424,434	141,753	451,200	147,377
6	Mining and Quarrying	650	596	29,317	2,234
7	Production	409,343	128,888	420,634	144,385
8	Electricity, Gas and Water	14,441	12,269	1,249	758
9	Construction	875,441	141,470	990,002	293,951
10	Services	998,431	364,198	1,010,773	402,254
11	Wholesale and Retail Trade	331,032	57,172	342,134	102,993
12	Accommodation and Dining	641,155	298,196	335,091	106,959
13	Transportation and Telecom	3,205	1,057	75,279	24,748
14	Financial Institutions	11	11	402	375
15	Real Estate and Rental Services	15,417	3,087	243,269	159,941
16	Professional Services	5	4	153	3
17	Educational Services	4,498	2,535	4,593	2,603
18	Health and Social Services	3,108	2,136	9,852	4,632
19	Other	83,234	16,269	116,566	38,503
20	Total	2,386,548	664,302	2,576,513	882,697

Total provision amount of non-performing loans written off from 2022 assets is TL 109,248 and their sectoral breakdown is as follows: (2021: TL 32,892).

	Written-off from accounts	Written-off from assets
Agriculture	13	-
Farming and Stockbreeding	13	-
Forestry	-	-
Fishery	-	-
Manufacturing	18,541	-
Mining and Quarrying	1,795	-
Production	16,746	-
Electricity, Gas and Water	-	-
Construction	24,308	-
Services	66,385	-
Wholesale and Retail Trade	11,778	-
Accommodation and Dining	6,848	-
Transportation and Telecom	24,033	-
Financial Institutions	76	-
Real Estate and Rental Services	22,672	-
Professional Services	-	-
Educational Services	21	-
Health and Social Services	957	-
Other	1	-
Total	109,248	-

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
GROUP ON A CONSOLIDATED BASIS (Continued):**

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

vii. Aging analysis for overdue receivables.

Aging analysis for overdue receivables is included in Section IV Part II.b.

viii. Breakdown of restructured receivables based on being provisioned or not.

Specific and general provision are allocated for restructured receivables and free provision is allocated for miscellaneous risks, if required, in accordance with TFRS 9 and the Communiqué Related to Principles and Procedures on Classification of Loans and the Provisions to be allocated for These Loans" and there is no situation in which no provision is made.

e. Credit Risk Mitigation

1. Qualitative disclosure on credit risk mitigation techniques:

Collaterals obtained as guarantees of credits are secondary repayment sources of credits. Therefore, it should be considered that market values of assets and commitments, obtained as collaterals, are measurable and whether they have a second-hand market or not. Collaterals accepted by Groups are listed in Corporate Credit Policy and its annexes.

Collaterals, which should be received as a guarantee for each credit and credit collateral ratio with respect to those collaterals are determined during the allocation of credits. Related approval authority is authorized to determine a credit collateral ratio for each customer and credit. If assets traded on markets having higher level of volatility are received as collaterals, whether the currency of the loan to be extended and the currency of the asset traded in the market are different, a prudential credit collateral rate is determined through considering maturity of the credit and price volatility of the asset.

Short term fluctuations in fair value of assets are not considered in evaluation of collaterals. Regular reviews of collaterals such as property and cheque whose change of value and translation to cash ability cannot be monitored simultaneously are made. Market value of properties received as collateral are reviewed in accordance with rules determined by BRSA and internal rules determined in related policies.

Insuring of collaterals against possible losses is preferred, when possible.

In collateralized credit transactions, if it is established as a result of revaluations tests made on collaterals that there exist an impairment and therefore the collaterals received remained under credit collateral ratio, additional collateral should be received.

Establishment of type of collateral guarantor in a versatility preventing concentration on collateral providers and geography, is one of the main principles.

The Group considers collaterals in its calculations for principal amount subject to credit risk in accordance with rules mentioned in Communiqué on Measurement and Evaluation of Bank's Capital Adequacy and its annexes and Communiqué on Risk Mitigation Techniques.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

2. Credit Risk Mitigation Techniques

		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
	31 December 2022							
1	Loans	28,890,422	10,635,057	5,696,845	-	-	-	-
2	Debt Securities	7,580,374	-	-	-	-	-	-
3	Total	36,470,796	10,635,057	5,696,845	-	-	-	-
4	Of which defaulted	1,008,209	728,920	43,332	-	-	-	-

		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
	31 December 2021							
1	Loans	27,462,513	6,577,929	4,419,237	-	-	-	-
2	Debt Securities	1,817,954	-	-	-	-	-	-
3	Total	29,280,467	6,577,929	4,419,237	-	-	-	-
4	Of which defaulted	1,718,518	97,767	92,220	-	-	-	-

f. Credit Risk if the Standard Approach is used

1. Qualitative Disclosures which shall be made related to Rating Grades used in the calculation of Credit Risk with Standard Approach by Banks

Credit Risk if the Standard Approach is used:

Fitch Grades are used for receivable classifications set out in credit risk standard approach calculations by the Group.

Fitch Rating Grades are taken into account by risk receivables from centralized administrations or from central banks and by foreign banks or by the financial institutions receivables portfolio.

Fitch Marks assigned to a debtor is taken into account for all assets of the debtor, no exception is made for a significant category of assets.

CRA's which are not included in the twinning table of the institution, are not used.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

2. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects

31 December 2022		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Exposure Categories	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	11,928,283	-	12,314,904	-	1	0.0%
2	Exposures to regional governments or local authorities	168,758	-	89,252	-	44,626	50.0%
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	0.0%
4	Exposures to multilateral development banks	-	61,755	-	61,755	-	0.0%
5	Receivables from international organizations	-	-	-	-	-	0.0%
6	Exposures to institutions	3,942,506	919,089	4,022,012	909,314	1,633,914	33.1%
7	Exposures to corporates	24,198,356	7,778,601	23,889,552	4,920,786	25,728,019	89.3%
8	Retail exposures	2,367,328	289,195	2,367,334	127,798	3,108,893	124.6%
9	Exposures secured by residential property	141,814	15,796	141,827	6,820	50,378	33.9%
10	Exposures secured by commercial real estate	6,678,842	71,271	6,653,700	46,369	4,487,264	67.0%
11	Past-due loans	1,720,374	-	1,687,424	-	1,711,196	101.4%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	0.0%
13	Mortgage-backed securities	-	-	-	-	-	0.0%
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	0.0%
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	0.0%
16	Other receivables	3,318,328	-	3,318,328	-	3,049,547	91.9%
17	Equity Investment	-	-	-	-	-	0.0%
18	Total	54,464,589	9,135,707	54,484,333	6,072,842	39,813,838	65.7%

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

**2. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects
(Continued):**

31 December 2021		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Exposure Categories	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	5,822,803	-	6,232,485	-	-	-
2	Exposures to regional governments or local authorities	191,270	-	77,816	-	38,908	50.0%
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	31,428	-	31,428	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Exposures to institutions	788,610	471,283	902,060	443,857	543,080	40.4%
7	Exposures to corporates	16,566,126	5,135,818	16,411,929	2,953,833	17,830,858	92.1%
8	Retail exposures	207,608	59,361	207,567	14,416	240,463	108.3%
9	Exposures secured by residential property	465,213	15,605	463,000	6,766	164,516	35.0%
10	Exposures secured by commercial real estate	4,820,167	28,245	4,775,349	16,131	3,299,965	68.9%
11	Past-due loans	1,515,537	-	1,438,508	-	1,442,884	100.3%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16	Other receivables	2,472,904	-	2,472,904	-	2,178,912	88.1%
17	Equity Investment	-	-	-	-	-	-
18	Total	32,850,238	5,741,740	32,981,618	3,466,431	25,739,586	70.6%

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

3. Exposures by Asset Classes and Risk Weights

31 December 2022												Total credit risk exposure amount (after CCF and CRM)
	Exposure Categories/ Risk weight	0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%		
1	Exposures to central governments or central banks	12,314,903	-	1	-	-	-	-	-	-	-	12,314,904
2	Exposures to regional governments or local authorities	-	-	-	-	89,252	-	-	-	-	-	89,252
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	61,755	-	-	-	-	-	-	-	-	-	61,755
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	2,788,411	-	2,133,363	-	9,552	-	-	-	4,931,326
7	Exposures to corporates	427,736	-	4,184,278	-	2,347,449	-	19,983,997	633	1,866,245	-	28,810,338
8	Retail exposures	9,327	-	10,932	-	6,565	710,848	131,803	1,625,657	-	-	2,495,132
9	Exposures secured by residential property	5,119	-	187	143,192	-	-	-	149	-	-	148,647
10	Exposures secured by commercial real estate	61,870	-	6,900	-	4,290,829	-	2,340,470	-	-	-	6,700,069
11	Past-due loans	-	-	-	-	3,129	-	1,633,623	50,672	-	-	1,687,424
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	-	-	-	-
17	Other receivables	268,781	-	-	-	-	-	3,049,547	-	-	-	3,318,328
18	Total	13,149,491	-	6,990,709	143,192	8,870,587	710,848	27,148,992	1,677,111	1,866,245	-	60,557,175

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

3. Exposures by Asset Classes and Risk Weights (Continued):

	31 December 2021										Total credit risk exposure amount (after CCF and CRM)
	Exposure Categories/ Risk weight	0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%	
1	Exposures to central governments or central banks	6,232,485	-	-	-	-	-	-	-	-	6,232,485
2	Exposures to regional governments or local authorities	-	-	-	-	77,816	-	-	-	-	77,816
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	31,428	-	-	-	-	-	-	-	-	31,428
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	457,553	-	873,590	-	14,774	-	-	1,345,917
7	Exposures to corporates	432,059	-	1,117,813	-	417,815	-	17,397,446	629	-	19,365,762
8	Retail exposures	2,249	-	3,717	-	-	108,747	5,491	101,779	-	221,983
9	Exposures secured by residential property	925	-	-	468,474	-	-	-	367	-	469,766
10	Exposures secured by commercial real estate	18,434	-	159	-	2,945,908	-	1,826,979	-	-	4,791,480
11	Past-due loans	84	-	-	-	32,729	-	1,364,046	41,649	-	1,438,508
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	-	-	-
17	Other receivables	293,992	-	-	-	-	-	2,178,912	-	-	2,472,904
18	Total	7,011,656	-	1,579,242	468,474	4,347,858	108,747	22,787,648	144,424	-	36,448,049

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
GROUP ON A CONSOLIDATED BASIS (Continued):**

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

g. Disclosures regarding Counterparty Credit Risk

1. Qualitative Disclosures on Counterparty Credit Risk

i. Objectives and policies of risk management with respect to CCR,

Counterparty credit risk states default risk of counterparty, which is a party to a transaction imposing an obligation to both parties, going into default before the final payment included in cash flow of the transaction in question. Derivative financial instruments, repo and reverse repo transactions, securities and commodities lending transactions, transactions having long clearing process and margin trading transactions are considered in the aforementioned scope. The Group ensures timely and accurate briefing for senior management and related departments and assignment of appropriate staff for measurement and monitoring for the purpose of an effective counterparty credit risk management. Senior Management is responsible for understanding significance and level of counterparty credit risk taken by the Group.

The Group allocates limits approved on the basis of customer and approved in different level of authorization in order to manage counterparty credit risk. Those limits are determined in a way including risk, which shall be taken, instrument and maturity information and periodically reviewed.

Activities, job definitions and responsibilities related to management, measurement, monitoring and reporting of counterparty credit risk are determined through policies and procedures. Counterparty credit risks can be simultaneously controlled on treasury system and early warning limit excess mechanisms are triggered if the use of limits is over 80%.

The Parent Bank uses mark-to-market approach in order to measure counterparty credit risk and therefore, determines coefficients (add-on) used in order to add current market value through multiplying nominal amount of transaction for the purpose of establishing the risk exposed by counterparty until the maturity. Aforementioned coefficients are calculated based on market data obtained from independent data providers and it is principal that aforementioned coefficients should be lower than coefficients determined in Part 3 of Annex -2 of Communique on Measurement and Evaluation of Bank's Capital Adequacy prepared by BRSA and coefficients used in legal capital calculations. Market Risk Department reviews add-on coefficients with updated market data periodically reserving its right to update add-on coefficients more frequently if the volatility increases.

Besides, senior management is periodically supported with stress tests for business lines, Treasury and Credit Allocation decision making processes. With monthly meetings, the business lines, Treasury, Credit Allocation, Monitoring and Risk Management teams evaluate the stress test results.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

1. Operational limit allocation method determined in scope of calculated internal capital for CCR and central counterparty risk,

The Group assigns limits mentioned in transactions causing counterparty credit risk and central counterparty credit risk in accordance with principles determined in credit policies. It is principal to select customers having a high creditability and sufficient collateral conditions. Therefore, compliance of off-balance sheet transactions subject to CCR to in-balance sheet position of the customer in addition to creditability and collateral conditions of the customer, should be especially considered while allocating limits of the customer subject to such risks. Exchange rate and maturity compliance of in/off balance sheet transactions of the Customer and the customer having a foreign currency income reducing foreign currency risk to a minimum level are other important components which are considered while allocating aforementioned limits. The Group should be careful in not allocating high level of leverage and/or long-term off-balance sheet transaction limits.

The Parent Bank performs its treasury limit allocation in line with its Financial Institutions Credit Allocation and Borrowing Policy for those whose counterparty is a financial institution.

Daily Exchange Limit, Total Lending Limits, Issuer limit, Limit before Exchange and Total nominal limit are allocated for financial institutions.

A limit before exchange is allocated for customers apart from financial institutions.

There is a minimal CCP risk exposure due to the future transactions carried out by the Group in Takasbank market and within the scope of the products offered by Burgan Yatırım A.Ş to its customers.

2. Policies towards determination of Guarantee and other risk mitigations and CCR including central counterparty risk,

International Swaps and Derivatives Association (ISDA), Credit Support Annex (CSA) and/or Global Master Repurchase Agreement (GMRA), which have international validity, are concluded in counterparty credit risk management with respect to financial institutions and collateral management process is operated on a daily basis.

Collateralization principles and procedures within the framework of credit policies applied at Group for companies apart from financial institutions and individuals.

3. Rules with respect to Counter-trend risk,

The Parent Bank uses results of counterparty stress test performed periodically related to counter-trend risk and evaluates impact of deterioration in macro-economic conditions on credit risk of the customer. If it exists on a Group basis, the specific reverse tendency risk is monitored regularly with reports.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

4. Amount of additional collateralization, which have to be provided by the Bank if there exist a decline in credit rating grade.

There exists no additional collateral amount, which have to be provided by the Group if there exist a decline in credit rating grade.

2. Assessment of Counterparty Credit Risk according to the models of measurement

		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
	31 December 2022						
1	Standart Approach-CCR	-	-		-	-	-
	Internal Model Approach - (for derivative financial instruments, repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)			-	-	-	-
2	Simplified Standardised Approach for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					3,345,585	1,523,188
3	Comprehensive Method for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					-	-
4	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions - value at risk for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions					-	-
5						-	-
6	Total					3,345,585	1,523,188

		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
	31 December 2021						
1	Standart Approach-CCR	-	-		-	-	-
	Internal Model Approach - (for derivative financial instruments, repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)			-	-	-	-
2	Simplified Standardised Approach for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					2,227,143	471,709
3	Comprehensive Method for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					-	-
4	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions - value at risk for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions					-	-
5						-	-
6	Total					2,227,143	471,709

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

3. Credit valuation adjustment (CVA) capital charge

		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
	31 December 2022		
	Total portfolio value with comprehensive approach CVA capital adequacy	-	-
1	(i) Value at risk component (including 3*multiplier)		-
2	(ii) Stressed Value at Risk (including 3*multiplier)		-
3	All portfolios subject to Standardised CVA capital obligation	3,345,585	73,179
4	Total amount of CVA capital adequacy	3,345,585	73,179

		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
	31 December 2021		
	Total portfolio value with comprehensive approach CVA capital adequacy	-	-
1	(i) Value at risk component (including 3*multiplier)		-
2	(ii) Stressed Value at Risk (including 3*multiplier)		-
3	All portfolios subject to Standardised CVA capital obligation	2,227,143	243,966
4	Total amount of CVA capital adequacy	2,227,143	243,966

4. Standardised approach – CCR exposures by regulatory portfolio and risk weights

31 December 2022										Total credit risk
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other		
Risk Classes										
Central governments and central banks receivables	718,719	-	325,182	-	-	-	-	-	-	1,043,901
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-
Administrative and non-commercial receivables	-	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	598,252	-	306,268	792,493	-	-	-	-	-	1,697,013
Corporate receivables	573,704	-	-	-	-	28,161	-	-	-	601,865
Retail receivables	2,737	-	-	-	69	-	-	-	-	2,806
Mortgage receivables	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	1,893,412	-	631,450	792,493	69	28,161	-	-	-	3,345,585

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

4. Standardised approach – CCR exposures by regulatory portfolio and risk weights (Continued):

31 December 2021									
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Risk Classes									
Central governments and central banks receivables	707,671	-	-	-	-	-	-	-	707,671
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non-commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	182,874	-	839,127	384,535	-	-	-	-	1,406,536
Corporate receivables	1,294	-	-	-	-	111,539	-	-	112,833
Retail receivables	-	-	-	-	103	-	-	-	103
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	891,839	-	839,127	384,535	103	111,539	-	-	2,227,143

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

5. Composition of collateral for CCR exposure

31 December 2022	Collaterals for Derivatives Transactions				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - Local Currency	-	-	-	-	979,665	-
Cash - Foreign Currency	-	-	-	-	598,251	-
Government Bonds-Domestic	-	-	-	-	-	-
Government Bonds-Other	-	-	-	-	-	-
Public Institution Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Share Certificate	-	-	-	-	-	-
Other Guarantees	-	-	-	-	-	-
Total	-	-	-	-	1,577,916	-

31 December 2021	Collaterals for Derivatives Transactions				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - Local Currency	-	-	-	-	1,295	-
Cash - Foreign Currency	-	-	-	-	182,873	-
Government Bonds-Domestic	-	-	-	-	-	-
Government Bonds-Other	-	-	-	-	-	-
Public Institution Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Share Certificate	-	-	-	-	-	-
Other Guarantees	-	-	-	-	-	-
Total	-	-	-	-	184,168	-

6. Credit derivatives:

None.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

7. Risks to Central Counterparty:

On the consolidated basis, there is a minimal CCP risk exposure in scope of products offered to customers of Burgan Yatırım A.Ş. Capital requirements are calculated for commercial risks and amounts of guarantee fund within an alternative method for CCP risks.

31 December 2022		Exposure at default (post-CRM)	RWA
1	Total Exposure to Qualified Central Counterparties (QCCPs)		1,003,092
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

7. Risks to Central Counterparty (Continued):

31 December 2021		Exposure at default (post-CRM)	RWA
1	Total Exposure to Qualified Central Counterparties (QCCPs)	-	15,690
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

h. Securitization Disclosures:

None.

j. Disclosures on Market Risk

1. Qualitative Information which shall be Disclosed to Public Related to Market Risk

- i. The Group defines market risk as the potential financial loss which may occur as a result of fluctuations in capital markets. The aforementioned loss can occur due to fluctuations on share prices, interest rates, commodity prices and exchange rate.

The purpose of controlling and observance on market risk is to control and monitor impacts of markets risks on gain and economic value. In a more detail expression, the purpose of market risk control and audit is to protect Group from unexpected market losses and to establish transparent, objective and consistent market risk information which shall form a basis for decision making process.

Market Risk exposed by the Parent Bank is managed by Treasury, Capital Markets and Financial Institutions. The risk which the subsidiaries are exposed to is managed by the Treasury and Financial Institutions departments of Burgan Securities and Burgan Leasing which operate independently from the Parent Bank. The Parent Bank limits the market risk which shall be exposed for different risk factors in the framework of risk appetite. The framework of the limit and tracking method is determined with Treasury Risk Parameters document approved by Board of Directors and limits are reviews at least on an annual basis.

- ii. Management of market risk is under responsibility of Treasury, Capital Markets and Financial Markets, which generate risk at primary level. Secondary degree controls are provided through independent risk management and internal control functions. Treasury Internal Control Department is established under Market Risk Department and Directorate of Internal Control Centre which operates independent of risk generating departments/units in the framework of authorizations and frameworks described at the Group.

Third level of controls are made through audits of treasury processes and market risk management made periodically by Directorate of Supervisory Board. The audits in question reviews compliance of market risk management to BRSA regulations related to market risk and policy and procedures of Group and Bank, monitoring of limit usages and reporting related to limit excesses and market risk.

- iii. The Parent Bank uses Historical Simulation Method as internal method in order to digitize value at market risk. Unilateral 99% trust range, historical data belonging to working days in past two years and 10 days of holding period are taken into consideration in the calculation. The Parent Bank also calculates stress risk at value on a daily basis.

Treasury Risk Parameters are monitored by Market Risk Department during the day and at the end of day and use of limits and related other analysis are reported to ALCO, Risk Committee, Audit Committee, Risk Coordination Committee and Board of Directors.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

Early warning levels for limit usage are determined and the way, which shall be applied in case of an early warning or final limit excess, is stated clearly in Board of Directors approved policies.

Risk parameters include different type of limits such as foreign currency position limit, nominal, maturity, foreign exchange breakdowns related to bond portfolio, value at risk limits, limits related to interest rate (DV01), option vega limits and loss limits determined for trading portfolio. Some of these limits are monitored on consolidated basis, while others are monitored by the subsidiaries via independent limits from the Parent Bank, however all usages are followed up through daily reporting in the Parent Bank.

2. Market Risk under Standardised Approach

	31 December 2022	RWA
	Outright products	
1	Interest rate risk (general and specific)	230,878
2	Equity risk (general and specific)	192,123
3	Foreign exchange risk	1,678,538
4	Commodity risk	168
	Options	
5	Simplified approach	-
6	Delta-plus method	434
7	Scenario approach	-
8	Securitisation	-
9	Total	2,102,141

	31 December 2021	RWA
	Outright products	
1	Interest rate risk (general and specific)	190,398
2	Equity risk (general and specific)	68,896
3	Foreign exchange risk	199,990
4	Commodity risk	4,038
	Options	
5	Simplified approach	-
6	Delta-plus method	783
7	Scenario approach	-
8	Securitisation	-
9	Total	464,105

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

IV. EXPLANATIONS ON CONSOLIDATED OPERATIONAL RISK:

The amount subject to operational risk is calculated once a year by using the "Basic Indicator Approach" in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette No. 28337 dated 28 June 2012. The operational risk capital requirement dated 31 December 2022 has been calculated using the income in 2019, 2020 and 2021.

Annual gross income is calculated through deducting profit/loss sourcing from sales of securities whose accounts are tracked in fair value through other comprehensive income and measured at amortized cost, and extraordinary income, activity expenses made in return for support service and amounts compensated from insurance from total of net amount of interest revenues and non-interest revenue.

31 December 2022	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	930,278	891,664	1,081,368	967,770	15	145,166
Amount subject to operational risk (Total*12,5)	-	-	-	-	-	1,814,569

31 December 2021	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	868,663	930,278	891,664	896,868	15	134,530
Amount subject to operational risk (Total*12,5)	-	-	-	-	-	1,681,628

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK:

The difference between the Group's foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Another important dimension of the currency risk is the change in the exchange rates of different foreign currencies in "Net Foreign Currency Position" (cross currency risk).

A series of limits for the tenure of spot and forward foreign exchange positions are set by the Board of Directors annually. The Group has a short-term conservative foreign currency position management policy.

The Parent Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date:

	EUR		USD	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021

Bid Rate	TL 19.9349	TL 15.0867	TL 18.6983	TL 13.3290
1. Day Bid Rate	TL 19.9349	TL 15.0867	TL 18.6983	TL 13.3290
2. Day Bid Rate	TL 19.8816	TL 14.6823	TL 18.6966	TL 12.9775
3. Day Bid Rate	TL 19.8946	TL 13.8011	TL 18.6964	TL 12.2219
4. Day Bid Rate	TL 19.9087	TL 13.4000	TL 18.6813	TL 11.8302
5. Day Bid Rate	TL 19.8324	TL 12.8903	TL 18.6649	TL 11.3900

The simple arithmetic average of the Parent Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are shown below:

	EUR		USD	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Arithmetic average – 30 days	TL 19.7480	TL 15.4228	TL 18.6404	TL 13.6455

BURGAN BANK A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Information on currency risk of the Group:

	EUR	USD	Other FC	Total
31 December 2022				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1,596,354	3,797,835	235,020	5,629,209
Due From Banks	312,392	701,782	98,146	1,112,320
Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾	21,853	297,046	4,102	323,001
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	151,874	133,016	-	284,890
Loans ⁽²⁾	15,259,104	4,637,344	-	19,896,448
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	425,806	1,275,722	-	1,701,528
Hedging Derivative Financial Assets ⁽¹⁾	76,283	742,222	-	818,505
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ⁽³⁾	77,090	35,195	-	112,285
Total Assets	17,920,756	11,620,162	337,268	29,878,186
Liabilities				
Bank Deposits	142,845	33,647	-	176,492
Foreign Currency Deposits	4,371,559	9,426,900	578,080	14,376,539
Funds From Interbank Money Market	-	600,907	-	600,907
Funds Borrowed From Other Financial Institutions	1,538,361	8,871,568	-	10,409,929
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	670,481	2,033,956	531	2,704,968
Hedging Derivative Financial Liabilities ⁽⁴⁾	28,116	73,084	-	101,200
Other Liabilities ^{(4) (5)}	65,297	133,485	12,974	211,756
Total Liabilities	6,816,659	21,173,547	591,585	28,581,791
Net On-balance Sheet Position	11,104,097	(9,553,385)	(254,317)	1,296,395
Net Off-balance Sheet Position	(10,782,561)	10,368,033	61,055	(353,473)
Financial Derivative Assets	1,371,225	20,397,099	976,010	22,744,334
Financial Derivative Liabilities	12,153,786	10,029,066	914,955	23,097,807
Non-Cash Loans ⁽⁶⁾	1,695,328	3,030,385	75,950	4,801,663
31 December 2021				
Total Assets	15,379,392	8,914,424	153,957	24,447,773
Total Liabilities	9,491,863	21,454,450	732,105	31,678,418
Net On-balance Sheet Position	5,887,529	(12,540,026)	(578,148)	(7,230,645)
Net Off-balance Sheet Position	(4,815,773)	12,471,150	581,154	8,236,531
Financial Derivative Assets	2,193,480	16,846,883	837,068	19,877,431
Financial Derivative Liabilities	7,009,253	4,375,733	255,914	11,640,900
Non-Cash Loans ⁽⁶⁾	1,801,707	3,515,723	64,128	5,381,558

⁽¹⁾ TL 459,476 (31 December 2021: TL 63,737) derivative financial instruments are not included in income rediscount.

⁽²⁾ Foreign currency indexed loans amounting to TL 165,571 (31 December 2021: TL 153,438) are included in the table above. TL 1,239,833 (31 December 2021: TL 1,421,091) "First and Second Stage Expected Loss Provisions" are not included in the table.

⁽³⁾ TL 3,358 (31 December 2021: TL 2,150) "Prepaid Expenses" are not included in the table.

⁽⁴⁾ TL 51,936 (31 December 2021: TL 39,101) derivative financial instruments expense accruals are not included in the table above.

⁽⁵⁾ Other liabilities include TL 614,262 (31 December 2021: TL 10,270) "Securities Valuation Differences" and "Hedging Funds", TL 694,311 (31 December 2021: TL 138,622) "Free Provisions" and TL 3,430 (31 December 2021: TL 7,401) "Provisions for Non-cash Loans First and Second Stage Expected Losses" are not included in the table.

⁽⁶⁾ Non-cash loans are not included in the total of "Net Off-Balance Sheet Position".

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
GROUP ON A CONSOLIDATED BASIS (Continued):**

V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Currency risk sensitivity analysis:

If foreign currency appreciated/depreciated against TL at a ratio of 10% and all other variables remain fixed as of 31 December 2022 and 2021, changes, which shall occur in net profit and equity regardless of tax effect due to exchange rate loss/profit sourcing from foreign currency net monetary position, are as follows:

	31 December 2022				31 December 2021			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	143,883	(143,883)	200,099	(200,099)	18,940	(18,940)	18,948	(18,948)
EUR	(6,290)	6,290	(1,080)	1,080	3,684	(3,684)	4,703	(4,703)
Other currency units	13,775	(13,775)	13,775	(13,775)	(4,394)	4,394	(4,394)	4,394
Total, net	151,368	(151,368)	212,794	(121,794)	18,230	(18,230)	19,257	(19,257)

(*) Equity effect also includes income table effects.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK:

Interest rate risk is the risk that expresses the effects of fluctuations in the market interest rates on the value increase/decrease of the Bank's interest rate sensitive assets and liabilities. The interest sensitivity of risks regarding the interest rate both on the on-balance sheet and off-balance sheet are monitored following several analyses and are discussed in Asset and Liability Committee weekly.

The Group closely monitors the maturity gap between liabilities and assets that may arise in the balance sheet to manage the interest rate risk better. Additionally, interest rate swaps and cross currency swaps that are followed under banking accounts and aim to hedge risks are conducted by the Treasury, Capital Markets and Financial Institutions Group. Liquidity management is critical in the combination of investments, fair value through other comprehensive income and the trading portfolio. Through using these precautions, the possible loss effects on the shareholders' equity due to both credit risk and interest risk during the volatile periods of the market are minimized.

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates (As for the remaining time to repricing):

31 December 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets ⁽¹⁾							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1,133,913	-	-	-	-	5,714,845	6,848,758
Due From Banks	1,323,625	-	-	-	-	428,951	1,752,576
Financial Assets at Fair Value Through Profit/Loss ⁽²⁾	1,275,899	1,016,583	485,371	91,167	129,960	96,065	3,095,045
Interbank Money Market Placements	1,519,254	310,048	49,954	-	-	-	1,879,256
Financial Assets at Fair Value Through Other Comprehensive Income	59,213	929,794	161,091	163,061	283,070	30,402	1,626,631
Loans ⁽³⁾	16,864,460	7,300,462	7,354,099	4,815,007	1,469,205	1,722,246	39,525,479
Financial Assets Measured at Amortized Cost ⁽⁴⁾	104,501	2,113,477	578,665	1,366,328	1,217,692	-	5,380,663
Other Assets ⁽⁵⁾	40,636	-	-	-	-	3,598,946	3,639,582
Total Assets	22,321,501	11,670,364	8,629,180	6,435,563	3,099,927	11,591,455	63,747,990
Liabilities							
Bank Deposits	139,592	-	-	-	-	37,211	176,803
Other Deposits	24,110,488	10,232,437	864,553	26,323	-	4,302,944	39,536,745
Funds From Interbank Money Market	1,056,983	-	-	599,312	-	-	1,656,295
Miscellaneous Payables ⁽⁶⁾	-	-	-	-	-	3,304,237	3,304,237
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,140,924	7,139,095	988,824	25,378	-	934,915	11,229,136
Other Liabilities ⁽⁶⁾⁽⁷⁾	89,037	109,674	158,276	165,356	265	7,322,166	7,844,774
Total Liabilities	27,537,024	17,481,206	2,011,653	816,369	265	15,901,473	63,747,990
Balance Sheet Long Position	-	-	6,617,527	5,619,194	3,099,662	-	15,336,383
Balance Sheet Short Position	(5,215,523)	(5,810,842)	-	-	-	(4,310,018)	(15,336,383)
Off-balance Sheet Long Position	-	-	606,479	1,021,909	134,665	-	1,763,053
Off-balance Sheet Short Position	(284,092)	(470,237)	-	-	-	-	(754,329)
Total Position	(5,499,615)	(6,281,079)	7,224,006	6,641,103	3,234,327	(4,310,018)	1,008,724

⁽¹⁾ Assets are shown with their net values in their related period by deducting allowances for expected credit losses.

⁽²⁾ Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 2,491,563 classified to a related re-pricing periods.

⁽³⁾ The Loans item includes TL 2,331,270 Expected Loss Provisions.

⁽⁴⁾ Financial Assets Valued at Amortized Cost item includes expected loss provisions of TL 43.

⁽⁵⁾ Other Assets item consists of TL 855,289 Fixed Assets Held for Sale and Discontinued Operations, TL 1,583,273 Tangible Assets, TL 86,599 Intangible Assets, TL 29,604 Current Tax Assets, TL 164,843 Deferred Tax Assets, TL 919,974 Other Assets.

⁽⁶⁾ Derivative financial liabilities amounting to TL 454,507 of Other Liabilities are shown in the relevant repricing periods. Other Liabilities and Miscellaneous Payables item consists of TL 454,507 Derivative Financial Liabilities, TL 83,046 Liabilities from Lease Transactions, TL 953,599 Provisions, TL 467,947 Current Tax Liabilities, TL 159,992 Deferred Tax Liabilities, TL 3,935,970 Other Liabilities and TL 5,093,950 Equity.

⁽⁷⁾ Shareholders' Equity is presented in the Non-Interest Bearing column.

BURGAN BANK A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates (As for the remaining time to repricing) (Continued):

31 December 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non-Interest Bearing	Total
Assets ⁽¹⁾							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	350,642	-	-	-	-	6,041,209	6,391,851
Due From Banks ⁽¹⁾	238,349	-	-	-	-	318,021	556,370
Financial Assets at Fair Value Through Profit/Loss ⁽²⁾	996,222	1,279,815	536,357	112,390	48,631	15,599	2,989,014
Interbank Money Market Placements	42,500	-	-	-	-	-	42,500
Financial Assets at Fair Value Through Other Comprehensive Income	20,521	-	-	510,352	128,632	24,645	684,150
Loans ⁽³⁾	14,893,336	1,171,103	3,811,646	3,759,808	2,439,910	1,693,816	27,769,619
Financial Assets Measured at Amortized Costs ⁽⁴⁾	-	-	307,573	582,010	133,872	-	1,023,455
Other Assets ⁽⁵⁾	53,581	-	-	-	-	2,461,241	2,514,822
Total Assets	16,595,151	2,450,918	4,655,576	4,964,560	2,751,045	10,554,531	41,971,781
Liabilities							
Bank Deposits	468,243	5,649	-	-	-	23,981	497,873
Other Deposits	14,816,036	4,703,545	730,629	32,781	-	3,582,311	23,865,302
Funds From Interbank Money Market	62,895	-	209,873	-	-	-	272,768
Miscellaneous Payables	-	-	-	-	-	1,971,807	1,971,807
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	4,879,122	4,133,875	1,837,360	99,661	-	666,450	11,616,468
Other Liabilities ⁽⁶⁾⁽⁷⁾	540,341	280,286	(341,664)	181,805	734	3,086,061	3,747,563
Total Liabilities	20,766,637	9,123,355	2,436,198	314,247	734	9,330,610	41,971,781
Balance Sheet Long Position	-	-	2,219,378	4,650,313	2,750,311	1,223,921	10,843,923
Balance Sheet Short Position	(4,171,486)	(6,672,437)	-	-	-	-	(10,843,923)
Off-balance Sheet Long Position	2,635,609	3,162,230	1,122,704	-	-	-	6,920,543
Off-balance Sheet Short Position	-	-	-	(4,829,235)	(93,303)	-	(4,922,538)
Total Position	(1,535,877)	(3,510,207)	3,342,082	(178,922)	2,657,008	1,223,921	1,998,005

⁽¹⁾ Assets are shown with their net values in their related period by deducting allowances for expected credit losses.

⁽²⁾ Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 2,854,020 classified to a related re-pricing periods.

⁽³⁾ The Loans item includes TL 2,395,241 Expected Loss Provisions.

⁽⁴⁾ Financial Assets Valued at Amortized Cost item includes expected loss provisions of TL 13.

⁽⁵⁾ Other Assets item consists of TL 1,039,012 Fixed Assets Held for Sale and Discontinued Operations, TL 815,278 Tangible Assets, TL 53,411 Intangible Assets, TL 3,181 Current Tax Assets, TL 24,416 Deferred Tax Assets, TL 579,524 Other Assets.

⁽⁶⁾ Derivative financial liabilities amounting to TL 587,787 of Other Liabilities are shown in the relevant repricing periods. Other Liabilities and Miscellaneous Payables item consists of TL 587,787 Derivative Financial Liabilities, TL 76,060 Liabilities from Lease Transactions, TL 255,030 Provisions, TL 60,533 Current Tax Liabilities, TL 13,440 Deferred Tax Liabilities, TL 2,252,111 Other Liabilities and TL 2,474,409 Equity.

⁽⁷⁾ Shareholders' Equity is presented in the Non-Interest Bearing column.

Interest rate sensitivity analysis:

Change in interest rate 31 December 2022	Profit/ Loss Effect	Effect on funds under equity
(+) 1%	(5,319)	(57,473)
(-) 1%	5,145	61,385

Change in interest rate 31 December 2021	Profit/ Loss Effect	Effect on funds under equity
(+) 1%	6,372	(132,804)
(-) 1%	(7,918)	33,716

In the above study, the effects of (+) 1% and (-) 1% change in interest rates on "capital back-up" items under period profit / loss and equity are shown excluding tax effects.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):

b. Average interest rates for monetary financial instruments:

The average interest rates calculated by weighing the simple rates with their principals are given below.

31 December 2022	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Due From Banks	2.03	3.96	-	16.99
Financial Assets at Fair Value Through Profit/Loss	3.68	4.71	-	13.93
Interbank Money Market Placements	-	-	-	12.37
Financial Assets at Fair Value Through Other Comprehensive Income	4.76	7.64	-	27.60
Loans	6.19	8.65	-	17.35
Financial Assets Measured at Amortized Cost	3.88	8.56	-	43.46
Liabilities				
Bank Deposits	3.42	-	-	-
Other Deposits (*)	1.26	2.00	-	19.09
Funds From Interbank Money Market	-	4.42	-	7.65
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	5.28	-	14.19

(*) Demand deposits are included in the calculation of the weighted average interest rates.

31 December 2021	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	8.50
Due From Banks	-	0.05	-	13.24
Financial Assets at Fair Value Through Profit/Loss	3.63	1.47	-	11.67
Interbank Money Market Placements	-	-	-	15.23
Financial Assets at Fair Value Through Other Comprehensive Income	4.13	6.02	-	17.02
Loans	5.04	5.27	-	23.32
Financial Assets Measured at Amortized Cost	3.43	6.71	-	-
Liabilities				
Bank Deposits	-	0.10	-	15.79
Other Deposits (*)	0.60	1.12	-	15.29
Funds From Interbank Money Market	-	1.13	-	11.48
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	3.05	2.69	-	15.06

(*) Demand deposits are included in the calculation of the weighted average interest rates.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):

c. Interest rate risk resulting from banking accounts

1. The measurement frequency of the interest rate risk with important estimations including those relating to the quality of the interest rate resulting from banking accounts, advance loan repayment and movements of deposits other than time deposits is explained by the following:

Interest rate risk resulting from the banking accounts is measured according to the month-end balance in accordance with "Regulation No. 28034 on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method", dated 23 August 2011.

Interest sensitive items are taken into consideration in accordance with the re-pricing period and depending on the estimated cash flows. Demand deposits are taken into account based on the core deposit calculations. The change calculated by implementing interest rate shocks on the differences created in accordance with the re-pricing periods of the assets and liabilities in the banking accounts is proportioned to the equities.

2. The table below presents the economic value differences of the Parent Bank resulting from fluctuations in interest rates in accordance with the "Regulation on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method" under sections divided into different currencies.

Currency	Applied Shock (+/- x basis point)	Earnings/Losses	Earnings Equities-Losses/Equities
1. TL	+500 bp	(43,707)	-0.5%
2. TL	-400 bp	60,083	0.7%
3. EUR	+200 bp	1,363	0.0%
4. EUR	-200 bp	(2,897)	0.0%
5. USD	+200 bp	(39,063)	-0.5%
6. USD	-200 bp	42,883	0.5%
Total (For Negative Shocks)		100,069	1.2%
Total (For Positive Shocks)		(81,407)	-1.0%

VII. EXPLANATIONS ON CONSOLIDATED SHARE CERTIFICATE POSITION RISK:

None.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO:

Liquidity risk is the risk generated as a result of not having an effect or cash inflow at a level which can meet cash outflow, formed because of an imbalance in cash flow, timely and completely.

Effective liquidity risk management requires assigning appropriate staff for measurement and monitoring and timely informing management of the bank. Board of directors and senior management is responsible to understand the nature and level of the liquidity risk taken by the Parent Bank and the instruments measuring these risks. Additionally, Board of Directors and Senior Management are responsible for the compliance of funding strategies to risk tolerance which is determined to be applied.

Liquidity risk management framework of the Parent Bank is determined with "Burgan Bank Risk Management Policy" and "Burgan Bank Liquidity Risk Policy" documents approved by Bank's Board of Directors and "Burgan Bank Risk Management Policy" and "Burgan Bank Treasury Policy" and "Burgan Bank Assets & Liabilities Management Committee (ALCO)" in scope of banking legislation.

Liquidity management is primarily under the responsibility of ALCO in accordance with the Liquidity Risk Management of the Bank. Treasury, Capital Markets and Financial Corporations Group are responsible to perform required actions in accordance with the liquidity standards determined in accordance with the Liquidity Risk Policy. Market Risk Departments is secondarily responsible and it is responsible to control and report compliance with the limits. Detailed information (frequency of reports and the authorities to which they are presented) related to periodic and specific reports related to liquidity risk, stress tests, scenario tests, scenario analysis, compliance with risk limits and legal liquidity reports are included in Liquidity Risk Policy of the Bank.

Liquidity risk exposed by the Parent Bank, risk appetite, liquidity risk reduction appropriate to liquidity and funding policies (diversification of funding sources and maturities, derivative transactions), establishment of effective control environment, risk limits, early warning and triggering market indicators are managed through monitoring closely.

The liquidity risk is removed by short term placements, liquid marketable assets wallet and strong equity structure in the management of liquidity risk. Board of Directors of Bank can perform limit reduction regardless of credit value in current placement limits when the volatility in markets increases. Management of the Parent Bank and ALCO monitors possible marginal costs of payments and spurts as a result of studies made in scope of scenario analysis while tracking interest margin in diversified maturity segments between assets and liabilities. Borrowing limits which can be used in short-term for spurts from Central Bank, BIST Repo Market, Takasbank Money Market and banks are applied at a minimum level. The Parent Bank does not need to use these sources because of its current liquidity position but it uses the aforementioned limits for short-term transaction opportunities. Assets, liabilities and positions on the basis of main types of currencies (currencies forming at least 5% of Bank's total liabilities) are managed under the control of Treasury and Capital Markets.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
GROUP ON A CONSOLIDATED BASIS (Continued):**

**VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE
CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):**

The Parent Bank and subsidiaries subject to consolidation are responsible to be in accord with the minimum liquidity restrictions that are set by legislation and consolidated and unconsolidated liquidity restrictions that is determined in the Bank's Liquidity Risk Policy. There should be no excess in liquidity limits in accordance with the Bank's policy. Acceptation of current risk level, reduction or termination of activities causing to risk are evaluated for the risk which are not reduced. The actions, which shall be taken if there is an excess in the legal and internal limits, are detailed in Liquidity Risk Policy of the Bank. Overflow which is formed in liquidity ratios tracked according to legal limitations is eliminated in the period which is also determined by legal legislation.

Triggering market indicators are indicators which are tracked as early warning signals before the transition to stress environment which can form in the market as a result of ordinary business condition. Early warning limits related to liquidity risk in Bank are determined and aforementioned limits are monitored closely with the triggering market indicators.

Market Risk Department reports results of scenarios related to liquidity risk to Board of Directors, Risk Coordination Committee, Risk Committee and ALCO through making monthly calculations based on stress scenarios. These stress tests identify negative market conditions and potential fund outflows which occur in funding resources in a liquidity crisis. The purpose of stress test is to inform related committees and Board of Directors regarding liquidity outflows and derogation which can occur in the liquidity ratios of the Bank. Required actions are taken by ALCO if there are similar situations mentioned in stress scenarios. Market Risk Unit conducts stress tests more frequently during periods of high volatility and shares the results with the relevant management.

An ALCO meeting is held with a call made by Treasury, Capital Markets and Deputy General Manager of Financial Corporations if there is a negative development sourcing from the group or liquidity. Precautions which shall be taken in this process are determined in scope of Liquidity Emergency Plan and details related to Liquidity Emergency Plan are included in Liquidity Risk Policy of the Parent Bank.

The Parent Bank has a central funding institution function in its relations with partners. Intra-group liquidity management and funding strategies are limited to related legal limitations.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

Consolidated Liquidity Coverage Ratio:

31 December 2022		Unweighted Amounts (*)		Unweighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			12,303,121	7,584,145
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	28,732,845	16,065,230	2,772,705	1,606,523
3	Stable deposits	2,011,600	-	100,580	-
4	Less stable deposits	26,721,245	16,065,230	2,672,125	1,606,523
5	Unsecured Funding other than Retail and Small Business Customers Deposits	10,460,515	6,711,574	5,952,923	3,471,759
6	Operational deposits	3,349,936	2,428,731	837,484	607,183
7	Non-Operational Deposits	4,785,564	3,281,505	2,790,424	1,863,238
8	Other Unsecured Funding	2,325,015	1,001,338	2,325,015	1,001,338
9	Secured funding			-	-
10	Other Cash Outflows	1,839,085	1,821,148	1,839,085	1,821,148
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1,839,085	1,821,148	1,839,085	1,821,148
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	9,356,464	4,808,935	1,554,508	841,100
16	TOTAL CASH OUTFLOWS			12,119,221	7,740,530
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	7,280,111	2,061,929	5,621,116	1,789,356
19	Other contractual cash inflows	24,434	2,221,134	24,434	2,221,134
20	TOTAL CASH INFLOWS	7,304,545	4,283,063	5,645,550	4,010,490
				Upper Bound Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			12,303,121	7,584,145
22	TOTAL NET CASH OUTFLOWS			6,473,671	3,730,040
23	LIQUIDITY COVERAGE RATIO (%)			190.05	203.33

(*) The arithmetic average of the last three months daily consolidated Liquidity Coverage Ratio's are used.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
31 December 2021					
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			6,944,894	5,961,887
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	14,166,092	9,188,205	1,354,575	918,820
3	Stable deposits	1,240,687	-	62,034	-
4	Less stable deposits	12,925,405	9,188,205	1,292,541	918,820
5	Unsecured Funding other than Retail and Small Business Customers Deposits	5,914,223	4,865,258	2,645,028	1,984,664
6	Operational deposits	2,422,062	2,238,772	605,515	559,693
7	Non-Operational Deposits	2,864,257	2,397,487	1,411,609	1,195,972
8	Other Unsecured Funding	627,904	228,999	627,904	228,999
9	Secured funding			-	-
10	Other Cash Outflows	804,430	798,302	804,430	798,302
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	804,430	798,302	804,430	798,302
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	6,111,430	4,683,503	927,723	713,525
16	TOTAL CASH OUTFLOWS			5,731,756	4,415,311
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	4,327,949	1,702,603	2,918,766	1,148,042
19	Other contractual cash inflows	108,239	1,050,607	108,239	1,050,607
20	TOTAL CASH INFLOWS	4,436,188	2,753,210	3,027,005	2,198,649
				Upper Bound Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			6,944,894	5,961,887
22	TOTAL NET CASH OUTFLOWS			2,704,751	2,216,662
23	LIQUIDITY COVERAGE RATIO (%)			256.77	268.96

(*) The arithmetic average of the last three months daily consolidated Liquidity Coverage Ratio's are used.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

Liquidity coverage rate is calculated through estimating high-quality liquid assets owned by the Bank to net cash out flows based on 30 days of maturity. Balance items which are determinant on the ratio are sorted as required reserves kept in Central Bank of Turkey, securities which are not subject to repo/guarantee, deposit having a corporate transaction, banks deposits, foreign sourced funds and receivables from banks. The impacts of aforementioned items on liquidity coverage ratio are higher than other items since they have a higher share in liquid assets and net cash out flows and they can change in time.

High quality liquid assets of the Group consist of accounts in Central Bank of Turkey, at a ratio of 49% and securities issued by Undersecretariat of Treasury at a ratio of 47%. The fund resources are distributed among deposits of individuals and retail, at a rate of 23%, corporate deposits at a rate of 40% and bank debts at a rate of 12%.

Fluctuations in foreign currency derivative transaction volumes, mainly in foreign currency swaps, can have an impact on foreign currency liquidity coverage rate although derivative transactions generate a lower level of net cash flow with respect to liquidity coverage rate.

Absolute value of net warrant flows realized as of 30 days periods for each transaction and liability are calculated provided that changes in fair values of derivative transactions and other liabilities can form a margin liability in accordance with "Regulation on Calculation of Liquidity Coverage Ratio of Banks" entered into force through publishing in Official Gazette dated 21 March 2014 and numbered 28948. The biggest absolute value, which is calculated in the last 24 months, is taken into consideration as cash outflow. Calculations for derivative transactions and other liabilities, having a flow history shorter than 24 months, are performed from the date in which the transaction is triggered. Information related to the aforementioned cash outflow occurred on 31 December 2022 is given below:

Date	FC	FC+TL
31 December 2022	1,819,628	1,819,628

Liquidity coverage rates are calculated weekly for consolidated basis and monthly for consolidated basis as of 31 December 2015 in accordance with the "Regulation on Calculation of Liquidity Coverage Ratio of Banks" published in Official Gazette dated 21 March 2014 and numbered 28948. As of 31 December 2022, liquidity coverage rates must be at least 80% for foreign currency assets and liabilities and at least 100% in total assets and liabilities. Dates and values of the lowest and highest foreign currency and total consolidated liquidity coverage ratios related to the three-month period calculated by taking daily arithmetic averages are explained in the table below:

Current Period	Maximum (%)		Minimum (%)	
	FC	FC + TL	FC	FC + TL
Monthly Arithmetic Average (%)	306.48	235.01	149.69	162.51
Month	30.11.2022	31.12.2022	31.12.2022	30.11.2022

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

Breakdown of assets and liabilities according to their outstanding maturities:

31 December 2022	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated	Total
Assets ⁽¹⁾								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	2.597.978	4.250.780	-	-	-	-	-	6.848.758
Banks	352.879	1.323.625	-	-	-	-	76.072	1.752.576
Financial Assets at Fair Value Through Profit or Loss ⁽²⁾	-	389.411	173.147	343.439	1.420.205	672.777	96.066	3.095.045
Interbank Money Market Placements	-	1.519.254	310.048	49.954	-	-	-	1.879.256
Financial Assets at Fair Value Through Other Comprehensive Income	-	4.315	111.745	579.025	292.787	608.357	30.402	1.626.631
Loans ⁽³⁾	-	8.935.205	8.818.027	7.426.327	8.817.402	3.806.272	1.722.246	39.525.479
Financial Assets Measured at Amortized Cost ⁽⁴⁾	-	11.561	273.649	116.389	1.914.901	3.064.163	-	5.380.663
Other Assets ⁽⁵⁾	33.151	286.094	77.917	306.339	164.842	-	2.771.239	3.639.582
Total Assets	2.984.008	16.720.245	9.764.533	8.821.473	12.610.137	8.151.569	4.696.025	63.747.990
Liabilities								
Bank Deposits	37.211	139.592	-	-	-	-	-	176.803
Other Deposits	4.302.944	24.110.488	10.232.437	864.553	26.323	-	-	39.536.745
Funds Borrowed From Other Financial Institutions	-	495.474	1.485.913	988.824	5.422.481	2.836.444	-	11.229.136
Funds From Interbank Money Market	-	1.056.983	-	-	599.312	-	-	1.656.295
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	57.352	49.199	-	-	-	-	3.197.686	3.304.237
Other Liabilities ⁽⁶⁾⁽⁷⁾	-	380.039	201.555	406.925	637.027	265	6.218.963	7.844.774
Total Liabilities	4.397.507	26.231.775	11.919.905	2.260.302	6.685.143	2.836.709	9.416.649	63.747.990
Liquidity Gap	(1.413.499)	(9.511.530)	(2.155.372)	6.561.171	5.924.994	5.314.860	(4.720.624)	-
Net Off-balance sheet Position	-	24.290	(15.889)	459.948	1.441.478	345.709	-	2.255.536
Financial Derivative Assets	-	10.940.502	8.187.518	2.718.932	5.531.825	2.489.308	-	29.868.085
Financial Derivative Liabilities	-	(10.916.212)	(8.203.407)	(2.258.984)	(4.090.347)	(2.143.599)	-	(27.612.549)
Non-cash Loans	-	7.565.675	614.230	1.624.567	301.857	2.456	-	10.108.785
31 December 2021								
Total Assets	2.680.761	10.697.542	5.848.807	5.054.434	8.876.425	4.795.499	4.018.313	41.971.781
Total Liabilities	3.611.503	16.522.964	6.308.898	3.789.861	3.667.746	3.347.572	4.723.237	41.971.781
Liquidity Gap	(930.742)	(5.825.422)	(460.091)	1.264.573	5.208.679	1.447.927	(704.924)	-
Net Off-balance sheet Position	-	192.654	(106.509)	416.220	459.172	2.456	-	963.993
Financial Derivative Assets	-	10.951.870	3.910.276	1.355.543	2.997.378	6.919	-	19.221.986
Financial Derivative Liabilities	-	(10.759.216)	(4.016.785)	(939.323)	(2.538.206)	(4.463)	-	(18.257.993)
Non-cash Loans	-	4.143.098	1.199.728	1.215.942	478.284	9.498	-	7.046.550

⁽¹⁾ Assets are shown with their net values in their related period by deducting allowances for expected credit losses.

⁽²⁾ Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 2,491,563 classified to a related re-pricing periods.

⁽³⁾ The Loans item includes TL 2,395,241 Expected Loss Provisions.

⁽⁴⁾ Financial Assets Valued at Amortized Cost item includes expected loss provisions of TL 13.

⁽⁵⁾ Other Assets item consists of TL 1,039,012 Fixed Assets Held for Sale and Discontinued Operations, TL 815,278 Tangible Assets, TL 53,411 Intangible Assets, TL 3,181 Current Tax Assets, TL 24,416 Deferred Tax Assets, TL 579,524 Other Assets.

⁽⁶⁾ Derivative financial liabilities amounting to TL 454,507 of Other Liabilities are shown in the relevant repricing periods. Other Liabilities and Miscellaneous Payables item consists of TL 587,787 Derivative Financial Liabilities, TL 76,060 Liabilities from Lease Transactions, TL 255,030 Provisions, TL 60,533 Current Tax Liabilities, TL 13,440 Deferred Tax Liabilities, TL 2,252,111 Other Liabilities and TL 2,474,409 Equity.

⁽⁷⁾ Shareholders' Equity is presented in the Non-Interest Bearing column.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

Breakdown of financial liabilities according to their remaining contractual maturities:

31 December 2022	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Bank Deposits	177,209	-	-	-	-	177,209
Other deposits	28,538,068	10,442,016	934,809	32,727	-	39,947,620
Funds borrowed from other financial institutions	553,004	1,554,745	1,200,265	6,325,699	3,633,201	13,266,914
Payables to money market	1,056,983	-	-	607,021	-	1,664,004
Total	30,325,264	11,996,761	2,135,074	6,965,447	3,633,201	55,055,747

31 December 2021	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Bank Deposits	492,315	5,792	-	-	-	498,107
Other deposits	18,452,146	4,746,182	765,151	40,625	-	24,004,104
Funds borrowed from other financial institutions	492,858	1,384,531	2,922,766	5,266,971	3,438,651	13,505,777
Payables to money market	62,156	-	211,278	-	-	273,434
Total	19,499,475	6,136,505	3,899,195	5,307,596	3,438,651	38,281,422

Derivative instruments of group, counter-based maturity analysis:

31 December 2022	Up to 1 month	1-3 months	3-12 months	1-5 Years	Above 5 Years	Total
Derivative instruments held for trading						
Exchange rate derivatives:						
- Entry	10,876,752	8,112,267	1,066,198	1,434,436	-	21,489,653
- Out	10,871,228	8,115,420	1,107,517	1,266,916	-	21,361,081
Interest rate derivatives:						
- Entry	6,136	14,491	66,047	119,244	-	205,918
- Out	7,073	10,808	63,761	101,891	-	183,533
Derivative instruments protection from risk						
Exchange rate derivatives:						
- Entry	37,110	31,613	1,321,799	3,044,015	2,421,591	6,856,128
- Out	10,543	26,206	840,664	2,076,104	2,094,951	5,048,468
Interest rate derivatives:						
- Entry	20,504	29,147	264,888	934,130	67,717	1,316,386
- Out	27,368	50,973	247,042	645,436	48,648	1,019,467
Total cash inflow	10,940,502	8,187,518	2,718,932	5,531,825	2,489,308	29,868,085
Total cash outflow	10,916,212	8,203,407	2,258,984	4,090,347	2,143,599	27,612,549

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

31 December 2021	Up to 1 month	1-3 months	3-12 months	1-5 Years	Above 5 years	Total
Derivative instruments held for trading						
Exchange rate derivatives:						
- Entry	10,516,764	3,498,954	592,932	-	-	14,608,650
- Out	10,544,106	3,828,387	592,672	-	-	14,965,165
Interest rate derivatives:						
- Entry	3,096	3,052	15,287	32,735	6,919	61,089
- Out	4,173	3,889	20,555	30,478	4,463	63,558
Derivative instruments protection from risk						
Exchange rate derivatives:						
- Entry	431,945	407,727	744,956	2,952,359	-	4,536,987
- Out	209,475	180,312	319,891	2,503,055	-	3,212,733
Interest rate derivatives:						
- Entry	65	543	2,368	12,284	-	15,260
- Out	1,462	4,197	6,205	4,673	-	16,537
Total cash inflow	10,951,870	3,910,276	1,355,543	2,997,378	6,919	19,221,986
Total cash outflow	10,759,216	4,016,785	939,323	2,538,206	4,463	18,257,993

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

IX. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO:

Information on subjects that causes difference in leverage ratio between current and prior periods:

As of 31 December 2022, the leverage ratio of the Group calculated from the arithmetic average of the three months is 6.83% (31 December 2021: 6.05%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in balance sheet and off-balance sheet assets.

Disclosure of leverage ratio template:

	31 December 2022 (*)	31 December 2021 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	61,957,793	37,654,863
(Assets deducted from Core capital)	77,881	58,443
Total risk amount of balance sheet assets	61,879,912	37,596,420
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	1,183,483	1,434,239
Potential credit risk amount of derivative financial assets and credit derivatives	321,833	187,960
Total risk amount of derivative financial assets and credit derivatives	1,505,316	1,622,199
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
Off-balance sheet transactions		
Gross notional amount of off-balance sheet transactions	12,347,130	7,947,351
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	12,347,130	7,947,351
Capital and total risk		
Core Capital	5,168,027	2,806,646
Total risk amount	75,732,358	47,165,970
Leverage ratio		
Leverage ratio	6.83%	6.05%

(*) The arithmetic average of the last 3 months in the related periods.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

X. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 31 December 2022, The Bank applies cash flow hedge accounting using interest swaps to hedge its FC deposits with an average maturity up to 3 months against interest rate fluctuations. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TFRS 9, in financial statements under equity "Hedging Funds", whereas the amount concerning ineffective parts is associated with the statement of profit or loss.

As of the balance sheet date derivative financial assets of which carrying amount is TL 2,237,322 (31 December 2021: TL 1,693,717) and derivative financial payables of which carrying amount is TL 154,717 (31 December 2021: TL 118,110), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value income amounting to TL 535,127 (31 December 2021: TL 195,760 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2021: None).

Hedging Instrument	Hedging Subject	Exposed Risk	Hedging Instruments Fair Value		Hedging Funds	Ineffective Part Accounted in the Statement of Profit or Loss (Net)
			Assets	Liabilities		
Cross Currency Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	1,884,037	48,591	522,940	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	353,285	106,126	197,710	-

When hedge accounting of cash flow hedges cannot be maintained effectively as defined in TAS 39, the accounting application is ended. In case of deterioration of efficiency, the effective amounts, which are recognized under the equity due to the risk hedge accounting, are eliminated from equities in the periods or periods, when cash flow effects profit and losses (periods, when interest income or expenses are recognized) as re-classification adjustment and then it is re-classified in the profit and loss. There is no amount, which is transferred to statement of profit or loss due to the swaps, of which effectiveness is damaged or closed in the current period (31 December 2021: None).

The measurements conducted as of 31 December 2022 show that the cash flow hedging transactions shown above are effective.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

XI. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

a. Financial Assets and Liabilities at their fair values:

Financial assets measured at amortized cost are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand placements and deposits represents the amount to be paid upon request. The expected fair value of the fixed rate deposits is determined by calculating the discounted cash flow using the Bank's current interest rates as of balance sheet date.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the Bank's current interest rates for fixed interest loans. For the loans with floating interest rates, it is assumed that the book value reflects the fair value.

The expected fair value of bank placements, money market placements and bank deposits are determined by calculating the discounted cash flows using the current market interest rates of similar assets and liabilities. The book value represents the sum of acquisition cost and accumulated interest accruals of the related assets and liabilities.

The following table summarises the book values and fair values of some financial assets and liabilities of the Group.

	Book Value		Fair Value	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial Assets	50.164.676	30.076.150	46.960.890	30.258.689
Receivables from Money Markets	1.879.256	42.500	1.872.907	42.500
Banks (*)	1.752.647	556.426	1.761.542	556.390
Financial assets at fair value through other comprehensive income	1.626.631	684.150	1.626.631	684.150
Other financial assets measured at amortized cost	5.380.706	1.023.468	5.800.031	985.095
Loans	39.525.436	27.769.606	35.899.779	27.990.554
Financial Liabilities	54.246.921	38.036.048	54.217.397	37.778.397
Bank Deposits	176.803	497.873	177.623	497.778
Other Deposits	39.536.745	23.865.302	39.381.488	23.321.504
Funds borrowed from other financial institutions	11.229.136	11.616.468	11.354.049	11.902.710
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	3.304.237	2.056.405	3.304.237	2.056.405

(*) Includes CBRT time deposits.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

XI. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):

b. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- Quoted market prices (non-adjusted for identical assets or liabilities) (1st level)
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)
- Data not based on observable data regarding assets or liabilities (3rd level)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

31 December 2022	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	603,482	254,241	-	857,723
Government Debt Securities	401,029	-	-	401,029
Share Certificates	-	-	-	-
Derivative financial assets at fair value through profit or loss	-	254,241	-	254,241
Other Securities	202,453	-	-	202,453
Financial Assets at Fair Value Through other comprehensive income (*)	1,596,229	13,431	16,971	1,626,631
Share Certificates	-	13,431	16,971	30,402
Government Debt Securities	1,596,229	-	-	1,596,229
Other Securities	-	-	-	-
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	2,237,322	-	2,237,322
Total Assets	2,199,711	2,504,994	16,971	4,721,676
Derivative Financial Liabilities at Fair Value Through Profit or Loss	-	299,790	-	299,790
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	154,717	-	154,717
Total Liabilities	-	454,507	-	454,507

(*) As noted in the Section Three footnote VII-d, since the securities representing the share in the capital, which are classified as financial assets at fair value through other comprehensive income, are not traded in organized markets and their fair value cannot be determined reliably, they are reflected in the financial statements at cost after deducting the provision for impairment. There are no transfer between 1st and 2nd levels in the current period.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

XI. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):

b. Fair value hierarchy (Continued):

31 December 2021	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	134,994	1,160,303	-	1,295,297
Government Debt Securities	2,388	-	-	2,388
Share Certificates	-	-	-	-
Derivative financial assets at fair value through profit or loss	-	1,160,303	-	1,160,303
Other Securities	132,606	-	-	132,606
Financial Assets at Fair Value Through other comprehensive income (*)	659,505	7,674	16,971	684,150
Share Certificates	-	7,674	16,971	24,645
Government Debt Securities	659,505	-	-	659,505
Other Securities	-	-	-	-
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	1,693,717	-	1,693,717
Total Assets	794,499	2,861,694	16,971	3,673,164
Derivative Financial Liabilities at Fair Value Through Profit or Loss	-	469,677	-	469,677
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	118,110	-	118,110
Total Liabilities	-	587,787	-	587,787

(*) As noted in the Section Three footnote VII-d, since the securities representing the share in the capital, which are classified as financial assets at fair value through other comprehensive income, are not traded in organized markets and their fair value cannot be determined reliably, they are reflected in the financial statements at cost after deducting the provision for impairment. There are no transfer between 1st and 2nd levels in the current period.

XII. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PARTIES:

The Bank carries out marketable security trading and custody services on behalf of customers and on their account. The details of items held in custody is given in off-balance sheet commitments.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

XIII. EXPLANATIONS ON OPERATING SEGMENTS:

The Parent Bank manages its banking operations through three main business units; Retail banking, corporate and commercial banking and treasury.

Retail banking provides products and services to individual and private customers. Products and services include primarily deposit, loan, automatic payment services, internet banking and other various banking services.

Corporate and commercial banking provides services like loan, deposit, cash management, foreign trade financing, non-cash loans, foreign currency transaction services to customers.

Treasury transactions include fixed income security investments, fund management, foreign currency transactions, money market transactions, derivative transactions and other related services.

Stated balance sheet and income statement items based on operating segments:

The prior period information is presented as of 31 December 2021 for balance sheet and income statement items.

	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified (*)	Total Operations of the Group
31 December 2022					
Net Interest Income	370,175	1,244,289	(22,984)	287,810	1,879,290
Net Fees and Commissions	1,655	309,329	-	14,401	325,385
Trading Profit/Loss	55,082	16,975	261,751	(34,969)	298,839
Other Operating Income	1,139	211,167	-	350,058	562,364
Operating Income	428,051	1,781,760	238,767	617,300	3,065,878
Operating Costs (-)	239,005	470,040	89,586	498,565	1,297,196
Net Operating Income	189,046	1,311,720	149,181	118,735	1,768,682
Dividend Income	-	-	-	24	24
Income/Loss from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	189,046	1,311,720	149,181	118,759	1,768,706
Tax Provisions (-)	47,261	442,079	37,295	40,347	566,982
Net Profit/Loss	141,785	869,641	111,886	78,412	1,201,724
Segment Assets	5,519,142	34,444,359	14,700,425	7,058,487	61,722,413
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	2,025,577	2,025,577
Total Assets	5,519,142	34,444,359	14,700,425	9,084,064	63,747,990
Segments Liabilities	28,103,222	10,798,939	7,809,186	11,942,693	58,654,040
Unallocated Liabilities	-	-	-	5,093,950	5,093,950
Total Liabilities	28,103,222	10,798,939	7,809,186	17,036,643	63,747,990

(*) Other operations include the operations of Burgan Finansal Kiralama A.Ş. and Burgan Yatırım Menkul Değerler A.Ş., which are consolidated as the subsidiaries of the Parent Bank.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

XIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified (*)	Total Operations of the Group
31 December 2021					
Net Interest Income	154,349	441,988	(40,823)	183,063	738,577
Net Fees and Commissions	55	37,869	-	6,406	44,330
Trading Profit/Loss	32,423	6,687	159,189	(18,806)	179,493
Other Operating Income	363	212,075	-	124,903	337,341
Operating Income	187,190	698,619	118,366	295,566	1,299,741
Operating Costs (-)	127,483	437,440	52,502	299,974	917,399
Net Operating Income	59,707	261,179	65,864	(4,408)	382,342
Dividend Income	-	-	-	46	46
Income/Loss from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	59,707	261,179	65,864	(4,362)	382,388
Tax Provisions (-)	14,927	65,295	16,466	(19,115)	77,573
Net Profit/Loss	44,780	195,884	49,398	14,753	304,815
Segment Assets	2,937,212	25,231,179	7,482,947	4,626,877	40,278,215
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	1,693,566	1,693,566
Total Assets	2,937,212	25,231,179	7,482,947	6,320,443	41,971,781
Segments Liabilities	15,374,769	8,154,507	8,873,548	7,094,548	39,497,372
Unallocated Liabilities	-	-	-	2,474,409	2,474,409
Total Liabilities	15,374,769	8,154,507	8,873,548	9,568,957	41,971,781

(*) Other operations include the operations of Burgan Finansal Kiralama A.Ş. and Burgan Yatırım Menkul Değerler A.Ş., which are consolidated as the subsidiaries of the Parent Bank.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS:

a. Information related to cash and the account of The Central Bank of the Republic of Turkey (the "CBRT"):

1. Information on cash and the account of the CBRT:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Cash	32,803	318,656	24,317	397,942
CBRT	1,186,746	5,140,335	427,401	5,450,020
Other	-	170,218	-	92,171
Total	1,219,549	5,629,209	451,718	5,940,133

2. Information on the account of the CBRT:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Demand Unrestricted Amount	1,186,746	2,023,468	427,401	1,846,171
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	3,116,867	-	3,603,849
Total	1,186,746	5,140,335	427,401	5,450,020

3. Information on reserve requirements:

According to the CBRT's "Communiqué No 2013/15 on Required Reserve", the Bank maintains required reserves at the CBRT for Turkish currency and foreign currency liabilities. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the "Communiqué on Required Reserves" at the CBRT. As of 19 September 2019, no interest is paid on required reserves held in foreign currency. On the other hand, the 8.5% interest rate for required reserves in Turkish Lira has been terminated as of 15 April 2022. According to the "Communiqué on Required Reserves" published in the Official Gazette dated 31 December 2022 and numbered 32060, the possibility of establishing TL required reserves in gold will be terminated as of 23 June 2023.

As of 31 December 2022, the applicable rates for required reserves established at the CBRT are between 3% and 8% in TL, depending on the maturity structure (31 December 2021: between 3% and 8%); are between 5% and 26% in foreign currency, depending on the maturity structure (31 December 2021: between 5% and 26%). Within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" numbered 2021/14, practices regarding the establishment of additional required reserves and payment of commissions according to the conversion rate to foreign currency deposit accounts in USD, EUR and GBP and time deposit accounts as of 23 December 2022 have been removed. Pursuant to the instruction dated 2 September 2022, the commission application according to the share of Turkish Lira deposits in the total deposit was changed to be applied as of 23 December 2022. According to this change, banks with a Turkish Lira deposit share of less than 50% will pay a commission of 8%, and banks that are between 50% and 60% will pay a commission of 3%, separately for real and legal persons. Commissions payable will be calculated over the required reserve amount for foreign currency deposit liabilities.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

b. Information on Financial Assets at Fair Value Through Profit/Loss:

1. Financial assets at fair value through profit / loss given as collateral / blocked:

As of 31 December 2022, there is subject to assets given as collateral/blocked to financial assets amounting to TL 290,167 at fair value through profit or loss (31 December 2021: TL 70).

2. Financial assets at fair value through profit / loss subject to repo transactions:

As of 31 December 2022, there is no amount subject to repo transactions from financial assets at fair value through profit or loss (31 December 2021: None).

c. Information on banks:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Banks				
Domestic	640,327	872,358	233,250	6,797
Foreign	-	239,962	-	316,379
Headquarters and Branches Abroad	-	-	-	-
Total	640,327	1,112,320	233,250	323,176

d. Information on Financial Assets at Fair Value Through Other Comprehensive Income:

1. Financial assets at fair value through other comprehensive income given as collateral:

As of 31 December 2022, there are TL 627,905 financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2021: TL 388,086).

2. Financial assets at fair value through other comprehensive income subject to repo transactions:

As of 31 December 2022, there are TL 7,811 financial assets at fair value through other comprehensive income subject to repurchase agreements. (31 December 2021: TL 1,295).

3. Information on financial assets at fair value through other comprehensive income:

	31 December 2022	31 December 2021
Debt Securities	1,611,781	712,965
Quoted on Stock Exchange	1,611,781	712,965
Not Quoted	-	-
Share Certificates	30,402	24,645
Quoted on Stock Exchange	-	-
Not Quoted	30,402	24,645
Impairment Provision (-)	15,552	53,460
Total	1,626,631	684,150

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

e. Explanations on loans:

1. Information on all types of loan or advance balances given to shareholders and employees of the Group:

	31 December 2022		31 December 2021	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders of the Bank	-	17,225	-	24,860
Loans Given to Legal Entity Partners	-	17,225	-	24,860
Loans Given to Real Person Partners	-	-	-	-
Indirect Loans Given to Bank Partners	-	-	-	-
Loans Given to Bank Members	3,293	-	4,361	-
Total	3,293	17,225	4,361	24,860

2. Information on the first and second group loans and other receivables including the loans that have been restructured or rescheduled and other receivables:

i.

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Subject to Restructuring	Restructured	
			With Revised Contract Terms	Re-finance
Non-Specialized Loans	29,099,025	220,550	6,080,529	-
Loans given to enterprises	-	-	-	-
Export Loans	9,077,827	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	5,788,840	-	-	-
Consumer Loans	1,821,170	8,291	1,992	-
Credit Cards	-	-	-	-
Other (*)	12,411,188	212,259	6,078,537	-
Specialized Loans	-	-	-	-
Other Receivables (**)	2,490,664	163,190	1,416,243	-
Total	31,589,689	383,740	7,496,772	-

(*) Standard loans also include Burgen Yatırım's loans given out to clients.

(**) Other receivables include the lease receivables of Burgen Finansal Kiralama A.Ş.

ii.

General Provisions (*)	Standard Loans	Loans Under Close Monitoring
General Provisions (*)	56,600	1,610,369
12 Month Expected Credit Losses	56,600	-
Significant Increase in Credit Risk	-	1,610,369

(*) Finance lease receivables provisions are included in the table.

3. Distribution of Cash Loans according to their maturities:

	Standard Loans	Loans Under Close Monitoring	
		Loans without Revised Contract Terms	Restructured Loans
Short-term Loans	21,220,717	31,503	111,623
Medium and Long-term Loans	10,368,972	352,237	7,385,149
TOTAL	31,589,689	383,740	7,496,772

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

e. Explanations on loans (Continued):

4. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	473,997	1,343,260	1,817,257
Real estate loans	-	28,728	28,728
Automotive loans	14,722	687,620	702,342
Consumer loans	459,275	626,912	1,086,187
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	4,562	4,562
Real estate loans	-	4,562	4,562
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans-TL	259	3,034	3,293
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	259	3,034	3,293
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-TL (Real Person)	6,341	-	6,341
Credit Deposit Account-FC (Real Person)	-	-	-
Total	480,597	1,350,856	1,831,453

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

e. Explanations on loans (Continued):

5. Information on commercial installment loans and corporate credit cards:

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	2,657	878,053	880,710
Real estate loans	-	-	-
Automotive loans	-	46	46
Consumer loans	2,657	878,007	880,664
Other	-	-	-
Commercial Installments Loans-FC Indexed	-	96,605	96,605
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	96,605	96,605
Other	-	-	-
Commercial Installments Loans-FC	576,058	9,512,079	10,088,137
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	576,058	9,512,079	10,088,137
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Corporate Credit Cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit Deposit Account-TL (Legal Person)	-	-	-
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	578,715	10,486,737	11,065,452

6. Loans according to types of borrowers (*):

	31 December 2022	31 December 2021
Public	1,282,605	32,591
Private	38,187,596	27,555,756
Total	39,470,201	27,588,347

(*) It includes the "Receivables from Leasing Transactions".

7. Distribution of domestic and foreign loans (*):

	31 December 2022	31 December 2021
Domestic Loans	39,419,787	27,512,957
Foreign Loans	50,414	75,390
Total	39,470,201	27,588,347

(*) It includes the "Receivables from Leasing Transactions".

8. Loans given to investments in associates and subsidiaries:

None (31 December 2021: None).

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

e. Explanations on loans (Continued):

9. Specific provisions provided against loans (*) :

	31 December 2022	31 December 2021
Loans with Limited Collectability	9,516	97,553
Loans with Doubtful Collectability	244,107	108,270
Uncollectible Loans	410,679	676,874
Total	664,302	882,697

(*) It includes the “Receivables from Leasing Transactions”.

10. Information on non-performing loans (Net):

i. Information on loans and other receivables that are restructured or rescheduled by the Parent Bank:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
31 December 2022			
Gross Amounts before the Provisions	-	-	-
Restructured Loans	114	159	179,170
31 December 2021			
Gross Amounts before the Provisions	-	-	-
Restructured Loans	-	503	241,230

ii. Information on the movement of total non-performing loans (*) :

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Prior Period End Balance	299.269	197.550	2.079.694
Additions (+)	444.456	350	78.063
Transfers from Other Categories of Non-performing Loans (+)	-	711.833	478.642
Transfers to Other Categories of Non-performing Loans (-)	702.376	478.642	9.457
Collections (-)	15.768	17.273	570.545
Write-offs (-)	-	-	109.248
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	25.581	413.818	1.947.149
Provision (-)	9.516	244.107	410.679
Net Balance on Balance Sheet	16.065	169.711	1.536.470

(*) It includes the “Receivables from Leasing Transactions”.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

e. Explanations on loans (Continued):

iii. Information on non-performing loans granted as foreign currency loans :

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
31 December 2022 (*)			
Balance at the End of the Period	8.610	383.669	1.352.691
Provision Amount (-)	945	231.629	182.962
Net Balance on Balance Sheet	7.665	152.040	1.169.729
31 December 2021 (*)			
Balance at the End of the Period	12.634	45	1.166.239
Provision Amount (-)	1.198	26	442.156
Net Balance on Balance Sheet	11.166	19	724.083

(*) It includes the "Receivables from Leasing Transactions".

iv. Information regarding gross and net amounts of non-performing loans with respect to user groups (*) :

	III. Group Loans with limited	IV. Group Loans with doubtful	V. Group Uncollectible loans
31 December 2022			
Current Period (Net)	16.065	169.711	1.536.470
Loans Given to Real Persons and Legal Persons (Gross)	832	322.320	1.371.602
Provision Amount (-)	508	210.510	310.652
Loans Given to Real Persons and Legal Persons (Net)	324	111.810	1.060.950
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	24.749	91.498	575.547
Provision Amount (-)	9.008	33.597	100.027
Other Loans (Net)	15.741	57.901	475.520
Prior Period (Net)	201.716	89.280	1.402.820
Loans Given to Real Persons and Legal Persons (Gross)	4.634	194.579	1.720.740
Provision Amount (-)	915	106.636	620.070
Loans Given to Real Persons and Legal Persons (Net)	3.719	87.943	1.100.670
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	294.635	2.971	358.954
Provision Amount (-)	96.638	1.634	56.804
Other Loans (Net)	197.997	1.337	302.150

(*) It includes the "Receivables from Leasing Transactions".

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

e. Explanations on loans (Continued):

11. Policy followed-up for the collection of uncollectible loans and other receivables:

The Bank aims to collect uncollectible loans and other receivables are collected through the liquidation of collaterals by legal procedures.

12. Explanations of the write-off policy:

Within the scope of the amendment to the Banking Act, the Regulation on the Classification of Loans and the Procedures and Principles for the provisions to be allocated for them were also amended;

- Classified under Fifth Group-Uncollectible Loans,
- Part of the borrower's default for the lifetime expected credit losses or if there are no reasonable expectations for the recover of loans allocated in specific provision,
- From the first reporting period (interim or year-end reporting period) following their classification in the group,

It has been allowed to be written-off from the accounts under TFRS 9.

Accordingly, non-performing loans are tracked in off-balance sheet accounts by writing-off the records. This transaction is an accounting application that allows the transfer of the legal proceeding balance to the off-balance sheet by removing it from asset accounts and not the result of the Bank giving up the right to credit.

It is not compulsory that the entire receivable for collecting from registration has no possibility to collect, but it is possible to remove the part that does not have partial collection possibility from the assets.

In order to write-off any legal proceedings from the account;

- Classified under Fifth Group (Uncollectible Loans),
- 100% provision for the portion of the account balance that will be written-off,
- Either the legal proceedings to be continued or to be started,

must be met.

Provisions allocated for amounts written-off from the accounts are considered "expense" in terms of tax legislation. The write-off process is only an accounting process and will continue the legal proceedings for the collection of the Bank's receivables. After the writing-off process, the balance in the off-balance sheet accounts will be collected for the part of the debt that is written-off from the account in full or part of the collection by agreeing with the borrower and the debtor's request.

As of 31 December 2022, the Bank has a written-off receivable of TL 109,948 (31 December 2021: TL 17,461).

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

- f. Information on the calculation of interest accruals, valuation differences and their provisions for non-performing loans by banks which allocate expected credit losses according to TFRS 9:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period (Net)	6	2,549	69,481
Interest Accruals and Valuation Differences	12	5,880	89,605
Provision Amount (-)	6	3,331	20,124
Prior Period (Net)	1,155	158	87,613
Interest Accruals and Valuation Differences	1,180	311	146,210
Provision Amount (-)	25	153	58,597

- g. Information on financial assets measured at amortized cost:

1. Information on financial assets valued at amortized cost subject to repurchase agreements:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	653,244	928,756	-	273,313
Other	-	-	-	-
Total	653,244	928,756	-	273,313

2. Information on financial assets measured at amortized cost given as collateral/blocked:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	951,373	696,637	-	750,155
Other	-	-	-	-
Total	951,373	696,637	-	750,155

3. Information on government debt securities measured at amortized cost:

	31 December 2022	31 December 2021
Government Bond	5,380,706	1,023,468
Treasury Bond	-	-
Other Public Debt Securities	-	-
Total	5,380,706	1,023,468

4. Information on financial assets measured at amortized cost:

	31 December 2022	31 December 2021
Debt securities	5,380,706	1,023,468
Publicly-traded	5,380,706	1,023,468
Not publicly-traded	-	-
Provision for impairment (-)	-	-
Total	5,380,706	1,023,468

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

g. Information on financial assets measured at amortized cost (Continued):

5. Movement of financial assets measured at amortized cost within the period:

	31 December 2022	31 December 2021
Opening Balance	1,023,468	510,403
Foreign Exchange Differences in Monetary Assets	685,589	449,660
Purchases During The Year	3,975,531	228,699
Disposals Through Sales and Redemptions	(303,882)	(165,294)
Value Decrease Equivalent (-)	-	-
End of Period Total	5,380,706	1,023,468

h. Information on associates (Net):

None (31 December 2021: None).

i. Information on subsidiaries (Net):

1. Capital adequacy situation of major subsidiaries:

The Parent Bank does not need any capitals arising from subsidiaries who inserted capital adequacy standard ratio.

2. Information on unconsolidated subsidiaries:

None. (31 December 2021: None).

3. Main financial figures of the unconsolidated subsidiaries in order of the below table:

None. (31 December 2021: None).

4. Information on consolidated subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage, if different voting percentage (%)	Other shareholders' share percentage (%)
1	Burgan Finansal Kiralama A.Ş.	Istanbul/Turkey	99.99	0.01
2	Burgan Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100.00	-

5. Main financial figures of the consolidated subsidiaries in the order of the above table:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	7,471,780	881,534	1,367,786	781,838	-	276,891	68,028	-
2	613,270	214,908	8,472	58,420	3,027	37,613	22,005	-

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

i. Information on subsidiaries (Net) (Continued):

6. Movement schedules of consolidated subsidiaries:

	31 December 2022	31 December 2021
Balance at the beginning of the Period	669,736	548,560
Movements during the Period	426,622	121,176
Purchases	-	-
Bonus Shares Obtained	-	-
Dividends from Current Year Income	314,504	90,033
Sales	-	-
Revaluation Increase/Decrease (*)	112,118	31,143
Impairment Provision	-	-
Balance at the end of the Period	1,096,358	669,736
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	99.99%	99.99%

(*) Includes the data before consolidation procedures.

7. Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

Subsidiaries (*)	31 December 2022	31 December 2021
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	958,525	569,516
Finance Companies	-	-
Other Financial Subsidiaries	137,833	100,220
Total	1,096,358	669,736

(*) Includes the data before consolidation procedures.

8. Subsidiaries quoted on stock exchange:

None (31 December 2021: None).

j. Information on joint ventures:

None (31 December 2021: None).

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

k. Information on lease receivables (Net):

Presentation of financial lease receivables based on their days to maturity:

	31 December 2022		31 December 2021	
	Gross	Net	Gross	Net
Less than 1 year	2,200,033	1,872,830	1,792,138	1,517,086
Between 1-4 years	1,998,654	1,593,711	1,803,093	1,461,408
More than 4 years	1,484,610	1,295,350	1,206,371	1,087,392
Total	5,683,297	4,761,891	4,801,602	4,065,886

l. Information on derivative financial assets:

1. Information on derivative financial assets at fair value through profit or loss:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Forward Transactions	24,365	2,809	4,974	443
Swap Transactions	83,933	62,476	1,083,428	44,953
Futures Transactions	1,472	-	1,060	-
Options	574	78,612	8,033	17,412
Other	-	-	-	-
Total	110,344	143,897	1,097,495	62,808

2. Information on derivative financial assets at fair value through other comprehensive income:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	904,940	1,332,382	1,569,017	124,700
Foreign Net Investment Hedge	-	-	-	-
Total	904,940	1,332,382	1,569,017	124,700

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

m. Information on tangible assets:

	Immovables	Motor Vehicle	Other Tangible Assets	Total
31 December 2021				
Cost	45,629	677,665	224,745	948,039
Accumulated Depreciation (-)	6,283	18,841	107,637	132,761
Net Book Value	39,346	658,824	117,108	815,278
31 December 2022				
Net Book Value at Beginning of the Period	39,346	658,824	117,108	815,278
Additions	657	894,196	86,862	981,715
Disposals (-), net	-	181,647	1,085	182,732
Impairment	-	-	-	-
Depreciation (-)	1,689	6,015	46,229	53,933
Revaluation Increase	22,945	-	-	22,945
Cost at Period End	69,231	1,385,337	305,998	1,760,566
Accumulated Depreciation at Period End (-)	7,972	19,979	149,342	177,293
Closing Net Book Value	61,259	1,365,358	156,656	1,583,273

	Immovables	Motor Vehicle	Other Tangible Assets	Total
31 December 2020				
Cost	33,619	440,074	197,819	671,512
Accumulated Depreciation (-)	5,139	10,754	82,419	98,312
Net Book Value	28,480	429,320	115,400	573,200
31 December 2021				
Net Book Value at Beginning of the Period	28,480	429,320	115,400	573,200
Additions	-	290,789	40,591	331,380
Disposals (-), net	-	53,232	3,754	56,986
Impairment	-	-	-	-
Depreciation (-)	1,144	8,053	35,129	44,326
Revaluation Increase	12,010	-	-	12,010
Cost at Period End	45,629	677,665	224,745	948,039
Accumulated Depreciation at Period End (-)	6,283	18,841	107,637	132,761
Closing Net Book Value	39,346	658,824	117,108	815,278

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

n. Information on intangible assets:

1. Gross book value and accumulated depreciation at the beginning and at the end of the period:

	31 December 2022	31 December 2021
Gross Book Value	199,935	153,289
Accumulated Depreciation (-)	113,336	99,878
Net Book Value	86,599	53,411

2. Movement table containing the information between the beginning of the period and the end of the period:

	31 December 2022	31 December 2021
Beginning of the Period	53,411	43,623
Internally Generated Amounts	2,033	693
Additions due to Mergers, Transfers and Acquisitions	44,614	22,018
Exclusions and Sales (-)	-	-
Amounts Recorded in the Valuation Fund due to Increase or Decrease in Value	-	-
Decreases in Value Recorded in the Income Statement	-	-
Decreases in Value Canceled from the Income Statement	-	-
Amortisation (-)	13,459	12,923
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
End of the Period	86,599	53,411

o. Information on investment property:

None (31 December 2021: None).

p. Information on deferred tax asset/liability:

As of 31 December 2022, Bank has netted-off the calculated deferred tax asset of TL 606,837 (31 December 2021: TL 570,247) and deferred tax liability of TL 601,986 (31 December 2021: TL 559,271) in accordance with TAS 12 and has recorded a net deferred tax asset of TL 164,843 (31 December 2021: TL 24,416 net deferred tax asset) and a net deferred tax liability of TL 159,992 (31 December 2021: TL 13,440) in the financial statements.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

r. Information on assets held for resale and discontinued operations:

The Group has assets held for resale amounting to TL 855,289 (31 December 2021: TL 1,039,012) and has no discontinued operations.

	31 December 2022	31 December 2021
Prior Period		
Cost	1,039,357	614,352
Accumulated Depreciation (-)	345	364
Net Book Value	1,039,012	613,988
Current Period		
Net Book Value at Beginning of the Period	1,039,012	613,988
Additions	401,871	732,142
Disposals (-), net	585,594	307,118
Impairment	-	-
Depreciation (-)	-	-
Cost at the End of the Period	855,576	1,039,357
Accumulated Depreciation at the End of the Period (-)	287	345
Closing Net Book Value	855,289	1,039,012

s. Information on other assets:

Other assets amount to TL 919,974 (31 December 2021: TL 579,524) and do not exceed 10% of the total assets excluding off-balance sheet commitments.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES:

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 31 December 2022:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	240,703	-	2,624,904	3,767,701	8,253,428	263,797	248,090	-	15,398,623
Foreign Currency Deposits	2,088,774	-	2,773,911	8,613,829	408,851	103,033	143,369	-	14,131,767
Residents in Turkey	1,954,486	-	2,753,121	8,474,444	393,400	101,525	77,591	-	13,754,567
Residents Abroad	134,288	-	20,790	139,385	15,451	1,508	65,778	-	377,200
Public Sector Deposits	137,629	-	-	-	-	-	-	-	137,629
Commercial Deposits	1,509,400	-	431,066	5,311,521	1,467,027	591,001	185,458	-	9,495,473
Other Institutions Deposits	81,666	-	4,015	42,792	-	-	8	-	128,481
Precious Metal Deposits	244,772	-	-	-	-	-	-	-	244,772
Bank Deposits	37,211	-	-	139,592	-	-	-	-	176,803
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	13	-	-	-	-	-	-	-	13
Foreign Banks	37,198	-	-	139,592	-	-	-	-	176,790
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	4,340,155	-	5,833,896	17,875,435	10,129,306	957,831	576,925	-	39,713,548

ii. 31 December 2021:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	102,395	-	1,197,441	2,107,701	261,003	158,750	495,280	-	4,322,570
Foreign Currency Deposits	2,367,562	-	2,654,597	12,154,085	405,256	54,718	59,910	-	17,696,128
Residents in Turkey	2,314,406	-	2,646,367	12,060,532	400,864	39,560	46,320	-	17,508,049
Residents Abroad	53,156	-	8,230	93,553	4,392	15,158	13,590	-	188,079
Public Sector Deposits	188,844	-	-	-	-	-	-	-	188,844
Commercial Deposits	815,663	-	254,569	325,818	28,926	89,712	22,582	-	1,537,270
Other Institutions Deposits	2,168	-	2,070	4,453	14	3,941	2,165	-	14,811
Precious Metal Deposits	105,679	-	-	-	-	-	-	-	105,679
Bank Deposits	23,981	-	459,851	14,041	-	-	-	-	497,873
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	691	-	459,851	14,041	-	-	-	-	474,583
Foreign Banks	23,290	-	-	-	-	-	-	-	23,290
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3,606,292	-	4,568,528	14,606,098	695,199	307,121	579,937	-	24,363,175

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

a. Information on deposits (Continued):

2. Information on saving deposits insurance:

i. Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

	Under the Guarantee of Deposit Insurance		Exceeding Limit of the Deposit Insurance	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Saving Deposits				
Saving Deposits	3,458,581	1,399,356	11,940,042	2,923,214
Foreign Currency Savings Deposit	1,119,003	942,872	7,866,101	9,375,416
Other Deposits in the Form of Savings Deposits	56,354	41,870	188,418	63,809
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	4,633,938	2,384,098	19,994,561	12,362,439

(*) In accordance with the "Regulation Amending the Regulation on the Insured Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated 27 August 2022 and numbered 31936 all deposits and participation funds, except those belonging to official institutions, credit institutions and financial institutions in the presence of credit institutions, are included in the insurance coverage and deposits of TL 212,483, which are covered by the insurance, are not included in the note above.

ii. There are no deposits covered under foreign authorities' insurance since the Parent Bank is incorporated in Turkey.

3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	31 December 2022	31 December 2021
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	32,248	10,771
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 "TCK" Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	32,248	10,771

b. Information on financial liabilities at fair value through profit/loss:

None (31 December 2021: None).

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

c. Information on borrowings:

1. Information on banks and other financial institutions:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	819,207	-	182,243	144,463
From Foreign Banks, Institutions and Funds	-	6,638,570	-	7,942,549
Total	819,207	6,638,570	182,243	8,087,012

2. Information on maturity structure of borrowings:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Short-Term	813,509	740,545	26,935	700,782
Medium and Long-Term	5,698	5,898,025	155,308	7,386,230
Total	819,207	6,638,570	182,243	8,087,012

3. Additional information on the major concentration of the Group's liabilities:

The Group's main funding sources are deposits and borrowings. As of 31 December 2022, deposits and borrowings from Group's risk group comprise 0.9% (31 December 2021: 0.5%) of total deposits. Besides this, Borrowings from Group's risk group comprise 78.9% (31 December 2021: 53.4%) of subordinated and other borrowings.

d. Information on marketable securities issued:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Bill	-	-	-	-
Bond	-	-	-	-
Asset Backed Securities	-	-	-	-
Total	-	-	-	-

e. Information on other liabilities:

Other foreign liabilities amounting to TL 3,935,970 (31 December 2021: TL 2,252,111) do not exceed 10% of the total of the balance sheet excluding off-balance sheet commitments.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

f. Information on lease payables:

	31 December 2022		31 December 2021	
	Gross	Net	Gross	Net
Less Than 1 Year	5,048	3,697	1,627	1,381
Between 1-4 Years	65,800	55,503	67,451	55,427
More Than 4 Years	33,909	23,846	27,610	19,252
Total	104,757	83,046	96,688	76,060

g. Information on derivative financial liabilities:

1. Information on Derivative Financial Liabilities at Fair Value Through Profit or Loss:

Trading Derivative Financial Liabilities	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Forward Transactions	4,816	4,861	10,211	2,618
Swap Transactions	55,264	61,099	415,683	32,921
Futures Transactions	-	-	3,465	-
Options	-	173,750	-	4,779
Other	-	-	-	-
Total	60,080	239,710	429,359	40,318

2. Information on Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
For Fair Value Hedges	-	-	-	-
For Cash Flow Hedging	134,288	20,429	87,382	30,728
For Hedging Net Investments Abroad	-	-	-	-
Total	134,288	20,429	87,382	30,728

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

h. Information on provisions:

1. Information on reserve for employment termination benefits:

Under the Turkish Labor Law, the Bank is required to pay a specific amount to the employees who have been working more than one year, when employment is terminated due to obligatory reasons or they retire, when they have fulfilled 25 working years (women 20) and are eligible for retirement (for women 58 years, for men 60 years), when they have been called up for military service or when they die. After the amendment of legislation on 23 May 2002, some of the transition process articles related to the working period before retirement were enacted.

The payment amount that is one month's salary for each working year is restricted to TL 19,982.83 since 1 January 2022. Employee termination benefits are not funded, as there is no funding requirement.

In accordance with Turkish Labor Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 necessitates the actuarial valuation methods to calculate liabilities of enterprises. Independent actuaries are used in determining the liability of the Group. There are assumptions in the calculation as discount rate, employee turnover and expected salary increases. In this context, the following actuarial assumptions are used in the calculation of total liabilities.

	31 December 2022	31 December 2021
Discount Rate (%)	1.00	3.33
Salary Increase Rate (%)	9.20	17.20
Average Remaining Work Period (Year)	12.60	11.60

Movement of reserve for employment termination benefits during the period:

	31 December 2022	31 December 2021
Prior period end balance	30,425	23,621
Current service cost	6,088	3,409
Interest cost	5,593	2,607
Reductions and payments	344	(2,396)
Actuarial loss/gain	41,648	5,571
Benefits paid (-)	5,164	2,387
Balance at the End of the Period	78,934	30,425

In addition, as of 31 December 2022, the Bank has accounted for vacation rights provision and personnel bonus provision amounting to TL 130,890 (31 December 2021: TL 47,058).

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

h. Information on provisions (Continued):

1. Other Provisions:

i. Information on provisions related with foreign currency difference of foreign indexed loans:

The provisions related to foreign currency differences of foreign indexed loans calculated as of the balance sheet date have been netted-off from the loan amount in the financial statements, and there is no the provision related to foreign currency differences of foreign indexed loans (31 December 2021: None).

ii. Information on other provisions:

The Group set aside reserves under other provisions amounting to TL 694,311 (31 December 2021: 138,622), TL 35,356 (31 December 2021: TL 30,902) for provisions for non-cash loans and commitments that are not converted to cash and not indemnified and lawsuit and other provisions amounting to TL 14,109 (31 December 2021: TL 8,023).

i. Information on taxes payable:

1. Information on tax provision:

As of 31 December 2022, there is a corporate tax provision of TL 370,096 (31 December 2021: 1,515).

2. Information on taxes payable:

	31 December 2022	31 December 2021
Corporate Tax Payable	370,096	1,515
Taxation of Marketable Securities	31,652	10,011
Property Tax	104	87
Banking Insurance Transaction Tax	27,024	24,698
Foreign Exchange Transaction Tax	1,119	3,110
Value Added Tax Payable	3,547	9,985
Other	13,557	5,599
Total	447,099	55,005

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

i. Information on taxes payable (Continued):

3. Information on premium payables:

	31 December 2022	31 December 2021
Social Security Premiums-Employee	8,316	2,062
Social Security Premiums-Employer	9,869	2,472
Bank Social Aid Pension Fund Premiums-Employee	-	-
Bank Social Aid Pension Fund Premiums-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	569	141
Unemployment Insurance-Employer	1,128	283
Other	966	570
Total	20,848	5,528

4. Explanations on deferred tax asset/liability:

As of 31 December 2022, the Group has netted-off the calculated deferred tax asset of TL 606,837 (31 December 2021: TL 570,247) and deferred tax liability of TL 601,986 (31 December 2021: TL 559,271) in accordance with TAS 12 and has recorded a net deferred tax asset of TL 164,843 (31 December 2021: TL 24,416 net deferred tax asset) and deferred tax liability of TL 159,992 (31 December 2021: TL 13,440) in the financial statements.

As of 31 December 2022 and 31 December 2021, the details of accumulated temporary differences and deferred tax assets and liabilities are as follows:

	Accumulated Deferred Differences		Deferred tax asset/liabilities	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Carried Financial Loss	63,029	994,250	15,757	222,001
Provisions for Legal Cases	14,109	8,023	3,527	1,605
Provisions for Expected Loss	1,792,322	1,561,919	448,081	327,738
Provision for Employee Benefits	103,981	41,145	25,996	8,504
Unearned income	26,445	17,598	6,611	3,498
Other	427,456	33,808	106,865	6,901
Deferred Tax Assets	2,427,342	2,656,743	606,837	570,247
Difference Between Carrying Value of Fixed Assets and Tax Base	449,330	269,828	104,724	50,468
Derivative Financial Instruments Valuation Difference	1,959,555	2,287,329	489,889	505,992
Other	29,490	13,751	7,373	2,811
Deferred Tax Liabilities	2,438,375	2,570,908	601,986	559,271
Deferred Tax Asset/(Liabilities) (Net)			4,851	10,976

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

i. Information on tax payables (Continued):

The deferred tax asset/liability movement is as follows:

	31 December 2022	31 December 2021
Balance as of 1 January	10,976	118,760
Current period deferred tax income/(expense), net	198,630	(72,289)
Deferred tax recognized in equity, net	(204,755)	(35,495)
Balance at the end of the period	4,851	10,976

j. Information on payables for assets held for resale and discontinued operations:

None (31 December 2021: None).

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

k. Information on subordinated debt instruments:

Detailed explanation on subordinated loans including quantity, maturity, interest rate, issuing institution, if available, option to be converted into stock certificate:

Issuing Institution	Amount	Opening Date	Maturity Date	Interest Rate (%)
Burgan Bank K.P.S.C. (Main Shareholder)	USD 150,000,000	16 May 2022	16 May 2032	LIBOR+4.25
Burgan Bank K.P.S.C. (Main Shareholder)	USD 50,000,000	22 February 2021	Indefinite	-

The subordinated loan does not have the option to be converted into stock certificate.

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic Institutions	-	-	-	-
Foreign Banks	-	3,771,359	-	3,347,213
Other Foreign Institutions	-	-	-	-
Total	-	3,771,359	-	3,347,213

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Debt Instruments Subject to Common Equity	-	934,915	-	666,450
Subordinated Loans	-	934,915	-	666,450
Subordinated Debt Instruments	-	-	-	-
Debt Instruments Subject to Tier 2 Equity	-	2,836,444	-	2,680,763
Subordinated Loans	-	2,836,444	-	2,680,763
Subordinated Debt Instruments	-	-	-	-
Total	-	3,771,359	-	3,347,213

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

I. Information on shareholders' equity:

1. Presentation of paid-in capital:

	31 December 2022	31 December 2021
Provision for Common Stock	2,655,500	1,890,000
Provision for Preferred Stock	-	-

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

Capital System	Paid-in Capital	Ceiling
Registered Capital	2,655,500	4,000,000

3. Information on the share capital increases during the period and their sources:

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
22.06.2022	765,500	765,500	-	-

(*) In accordance with the Decision of the Board of Directors of the Bank dated 12 May 2022 and numbered 2022/19, the required permission was obtained from Banking Regulation and Supervision Agency regarding increasing the capital amounting to TL 1,890,000,000 by TL 765,500,000 to TL 2,655,500,000, being within the limit of registered capital ceiling amounting to TL 4,000,000,000, and it was notified that there is no objection for consummation of transactions regarding the capital increase. In this context, the capital amount provided by the shareholders were transferred to the paid-in capital account and it is registered and announced in the Turkish Trade Registry Gazette dated 22 June 2022 and numbered 10604.

4. Information on capital increases from capital reserves during the current period:

None.

5. Information on capital commitments, up until the end of the fiscal year and the subsequent period:

None.

6. Information on equity by considering the prior period indicators of income, profitability and liquidity of the Parent Bank and the uncertainties on these indicators:

The interest, liquidity and foreign exchange risk on on-balance sheet and off-balance sheet assets and liabilities are managed by the Bank within several risk limits and legal limits.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

I. Information on shareholders' equity (Continued):

7. Information on privileges given to shares representing the capital:

Based on the Principal Agreement, the Bank has 1,000,000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

8. Information on marketable securities valuation reserve:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (From Partnerships)	-	-	-	-
Valuation Difference	77,596	(12,933)	(45,308)	(6,898)
Foreign Currency Difference	-	-	-	-
Total	77,596	(12,933)	(45,308)	(6,898)

9. Information on tangible assets revaluation reserve:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	53,305	-	34,176	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables (*)	1,413	-	1,413	-

(*) Classified under other capital reserves.

10. Information on distribution of prior year's profit:

In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 25 March 2022; TL 304,815 including the effects of TAS 27 Standard, which is the loss of 2021, classified under extraordinary reserves.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS:

a. Information on off-balance sheet commitments:

1. The type and amount of irrevocable commitments:

	31 December 2022	31 December 2021
Foreign currency buy-sell commitments	794,013	1,912,509
Loan limit commitments	-	-
Deposits buy-sell commitments	-	-
Guaranteed loan allocation commitment	172,366	295,348
Commitments for cheques	98,941	81,744
Blocked checks issued to customers	59,422	80,701
Total	1,124,742	2,370,302

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

There are no probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-Balance Sheet Commitments".

i. Non-cash loans, including guarantees, bank acceptances and financial guarantees, and other letters of credit:

	31 December 2022	31 December 2021
Letter of guarantees	5,351,856	3,088,188
Letter of credits	2,577,801	2,515,966
Bank acceptance loans	48,667	209,466
Other guarantees	2,130,461	1,232,930
Total	10,108,785	7,046,550

ii. Revocable, irrevocable guarantees, contingencies and other similar guarantees:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Irrevocable Letters of Guarantee	2,239,592	1,037,250	1,224,502	835,017
Revocable Letters of Guarantee	119,286	11,414	88,702	12,375
Letters of Guarantee Given in Advance	71,911	122,300	23,881	255,103
Guarantees Given to Customs	13,476	47,146	14,101	156,374
Other Letters of Guarantee	1,381,257	308,224	241,806	236,327
Total	3,825,522	1,526,334	1,592,992	1,495,196

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS (Continued):

a. Information on off-balance sheet commitments (Continued):

3. i. Total amount of non-cash loans:

	31 December 2022	31 December 2021
Non-Cash Loans Given Against Cash Loans	1,953,742	1,612,262
With Original Maturity of 1 Year or Less Than 1 Year	-	-
With Original Maturity of More Than 1 Year	1,953,742	1,612,262
Other Non-Cash Loans	8,155,043	5,434,288
Total	10,108,785	7,046,550

ii. Information on the risk concentration on the basis of sector in the non-cash loans account:

	31 December 2022				31 December 2021			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	171,638	3.23	238,737	4.97	83,047	3.37	265,762	7.26
Farming and Stockbreeding	166,939	3.15	207,756	4.33	82,797	3.35	261,003	7.26
Forestry	4,470	0.08	30,981	0.65	21	0.00	4,759	0.00
Fishery	229	0.00	-	0.00	229	0.02	-	0.01
Manufacturing	2,282,952	43.02	2,758,346	57.45	549,631	26.39	3,432,167	60.44
Mining and Quarrying	64,127	1.21	6,354	0.13	10,728	2.68	267	0.02
Production	1,998,404	37.66	2,451,319	51.05	482,371	19.74	3,399,134	59.91
Electricity, Gas and Water	220,421	4.15	300,673	6.26	56,532	3.96	32,766	0.52
Construction	283,937	5.35	171,646	3.57	161,808	12.02	157,447	10.66
Services	2,527,995	47.63	1,629,370	33.93	848,167	54.46	1,523,620	21.45
Wholesale and Retail Trade	1,245,794	23.47	553,840	11.53	459,962	20.00	421,063	7.90
Accommodation and Dining	60,162	1.13	-	0.00	4,734	0.07	-	1.28
Transportation and Telecom	119,941	2.26	64,605	1.35	41,674	4.74	79,426	3.98
Financial Institutions	1,017,158	19.17	952,569	19.84	317,436	27.77	840,864	5.62
Real Estate and Rental Services	27,439	0.52	58,356	1.22	23,837	1.82	179,189	2.64
Professional Services	18	0.00	-	0.00	112	0.01	3,078	0.03
Educational Services	-	0.00	-	0.00	-	0.00	-	0.00
Health and Social Services	57,483	1.08	-	0.00	412	0.04	-	0.00
Other	40,600	0.77	3,564	0.07	22,339	3.77	2,562	0.18
Total	5,307,122	100	4,801,663	100	1,664,992	100.00	5,381,558	100.00

iii. Information on non-cash loans classified in group I and II:

Current Period (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	3.809.016	1.422.132	9.763	81.509
Bill of Exchange and Acceptances	35.400	13.267	-	-
Letters of Credit	-	2.411.377	40.000	126.424
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	1.406.200	724.261	-	-
Total	5.250.616	4.571.037	49.763	207.933

(*) In addition to the non-cash loans stated in the table above, the Bank has a non-cash loan amounting to TL 29,436, which is classified as total non-performing loans. As of 31 December 2022, the Bank has recorded a TL 18,530 provision regarding these loans.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS (Continued):

b. Information on derivative financial instruments:

	31 December 2022	31 December 2021
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions (I)	51,987,162	32,663,543
Currency Forward Transactions	2,059,944	496,851
Currency Swap Transactions	24,264,364	28,637,871
Futures Transactions	955,814	277,980
Options	24,707,040	3,250,841
Interest Related Derivative Transactions (II)	2,558,178	7,995,920
Forward Rate Agreements	-	-
Interest Rate Swaps	2,558,178	7,995,920
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	54,545,340	40,659,463
Types of Hedging Transactions	30,717,939	17,265,434
Fair Value Hedges	-	-
Cash Flow Hedges	30,717,939	17,265,434
Foreign Currency Investment Hedges	-	-
B. Total Hedging Related Derivatives	30,717,939	17,265,434
Total Derivative Transactions (A+B)	85,263,279	57,924,897

c. Information on contingent assets and contingent liabilities:

As of 31 December 2022, the total amount of legal cases against the Bank is TL 10,750 (31 December 2021: TL 25,843) and the Bank sets aside a provision of TL 6,889 (31 December 2021: TL 7,579) regarding these risks.

d. Brief information on the Bank's rating given by International Rating Institutions:

FITCH (12 October 2022)

Outlook	Negative
Long Term FC	B-
Short Term FC	B
Long Term TL	B
Short Term TL	B
Support Rating	b-
National Rating	AA(tour)
Viability Note	b-(negative)

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

Interest Income on Loans (*)	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Short-Term Loans	2,747,584	185,235	871,647	29,765
Medium and Long-Term Loans	500,962	630,547	382,970	496,384
Interest on Loans Under Follow-Up	151,534	-	47,570	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	3,400,080	815,782	1,302,187	526,149

(*) Includes fee and commission income related with cash loans.

2. Information on interest income on banks:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
From the CBRT	215	2,530	860	-
From Domestic Banks	61,081	5,089	49,753	427
From Foreign Banks	-	15,559	-	400
Headquarters and Branches Abroad	-	-	-	-
Total	61,296	23,178	50,613	827

3. Information on interest income on marketable securities:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	11,580	3,670	501	1,530
Financial Assets Measured at Fair Value through Other Comprehensive Income	242,515	12,994	57,886	3,404
Financial Assets Measured at Amortized Cost	376,411	107,682	-	44,564
Total	630,506	124,346	58,387	49,498

4. Information on interest income received from associates and subsidiaries:

None (31 December 2021: None).

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT
(Continued):**

b. Information on interest expense:

1. Information on the interest of the loans used:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Banks	81,656	502,506	57,112	247,943
The CBRT	-	-	-	-
Domestic Banks	81,656	67	57,112	807
Foreign Banks	-	502,439	-	247,136
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	1,382	-	4,277
Total (*)	81,656	503,888	57,112	252,220

(*) Includes fee and commission expense related with cash loans.

2. Information on interest expense given to investments in associates and subsidiaries:

None (31 December 2021: None).

3. Interest expense on issued marketable securities:

	31 December 2022	31 December 2021
Interests Paid on Issued Securities	4,633	-
Total	4,633	-

4. Display of the interest paid on the deposit according to the maturity structure:

Current Period	Demand Deposit	Time Deposit						Total	Prior Period Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accum. Deposit		
Turkish Lira									
Bank Deposits	-	1,789	-	-	-	-	-	1,789	1,101
Savings Deposits	-	430,913	365,818	608,395	30,984	52,936	-	1,489,046	761,250
Public Deposits	-	14	-	-	-	-	-	14	-
Commercial Deposits	-	60,718	176,993	98,379	171,136	17,458	-	524,684	121,276
Other Deposits	-	824	309,680	1,111	288	189	-	312,092	24,959
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Total	-	494,258	852,491	707,885	202,408	70,583	-	2,327,625	908,586
Foreign Currency									
Foreign Currency Account	-	40,486	337,191	15,075	2,513	2,431	-	397,696	135,972
Bank Deposits	-	7,678	-	-	-	-	-	7,678	1,347
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	-	48,164	337,191	15,075	2,513	2,431	-	405,374	137,319
Grand Total	-	542,422	1,189,682	722,960	204,921	73,014	-	2,732,999	1,045,905

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT
(Continued):**

c. Explanations on dividend income:

	31 December 2022	31 December 2021
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	24	46
Other	-	-
Total	24	46

d. Information on trading loss/income (Net):

	31 December 2022	31 December 2021
Profit	64,568,642	68,203,045
Capital Market Transactions	174,034	44,433
Derivative Financial Transactions	995,212	1,188,649
Foreign Exchange Gains	63,399,396	66,969,963
Loss (-)	64,269,803	68,023,552
Capital Market Transactions	26,297	13,822
Derivative Financial Transactions	1,080,141	1,196,436
Foreign Exchange Losses	63,163,365	66,813,294
Net Profit/Loss	298,839	179,493

e. Information on other operating income:

The Group's other operating income in the period ended 31 December 2022 consists of adjustment account of the prior years' income and other operating income.

f. Expected loss provisions and other provision expenses:

	31 December 2022	31 December 2021
Expected Credit Loss	(379,984)	309,356
12 Month Expected Credit Loss (Stage 1)	(11,422)	17,592
Significant Increase in Credit Risk (Stage 2)	(145,484)	148,968
Non-performing Loans (Stage 3)	(223,078)	142,796
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Joint Ventures Impairment Provision	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	501,285	-
Total	121,301	309,356

(*) As of 31 December 2022, it consists of Free Provisions for Possible Risks amounting to TL 495,176 (31 December 2021: None).

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT
(Continued):**

g. Information related to other operating expenses:

	31 December 2022	31 December 2021
Reserve For Employee Termination Benefits (*)	15,602	4,872
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	53,933	44,326
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Depreciation Expenses of Intangible Assets	13,459	12,923
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	421,581	215,524
Leasing expenses related to TFRS 16 exceptions	5,322	2,334
Maintenance Expenses	55,213	2,510
Advertising Expenses	24,736	12,940
Other Expense	336,310	197,740
Loss on Sales of Assets	11	17
Other	55,436	27,271
Total	560,022	304,933

(*) As of 31 December 2022, there is "Employee Vacation Fee Provision Expense" amounts to TL 4,107 (31 December 2021: TL 1,320).

h. Information on net income/loss before taxes from discontinued and continuing operations:

The Group has no discontinued operations. The Group's profit before tax from continuing operations is TL 1,768,708 (31 December 2021: TL 382,388 profit before tax).

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT
(Continued):**

i. Information on provision for taxes from discontinued and continuing operations:

The Group has no discontinued operations, the explanations below represent the provision for taxes of continuing operations.

1. Information on calculated current tax income or expense and deferred tax income or expense:

As of 31 December 2022, the Group has current tax expense amounting to TL 765,612 and deferred tax expense amounting to TL 198,630.

2. Explanations on deferred tax income or expense arising from the temporary differences occurred or have been closed:

The Group has TL 494,008 deferred tax income from temporary differences, and TL 15,757 deferred tax income from carried financial loss. The deferred tax expense due to the closing of temporary differences amounts to TL 311,135, netting off to TL 198,630 deferred tax income.

3. Information on recognition of deferred tax income or expense, temporary difference, financial loss, diminution of tax expense and exceptions on income statement:

As of 31 December 2022, the Group has TL 182,873 (31 December 2021: TL 294,290 deferred tax expense) deferred tax expense arising from temporary differences and TL 15,757 deferred tax income as a result of financial loss. (31 December 2021: TL 222,001 deferred tax income).

j. Information on net income/loss before taxes from discontinued and continuing operations:

The Group has no discontinued operations and the below article (j) represents the current period net profit and loss from continuing operations.

k. Information on net income/loss for the period:

1. If the disclosure of usual banking transactions, income and expenditure items' composition is necessary to understand the annual performance of the Group, the composition and amount of these items:

None.

2. If an estimation change related to financial statement items significantly affects profit/loss or has the probability of affecting the profit/loss of following periods, the effect including these periods:

None.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT
(Continued):**

I. Information on other income and expenses:

1. In the current period, the Group's interest income amounts to TL 6,768,857 (31 December 2021: TL 2,756,003) and TL 1,181,836 (31 December 2021: TL 436,088) of the related amount is classified as "Other Interest Income" account in income statement.

	31 December 2022	31 December 2021
Other Interest Expense		
Interest Expense Related to Derivative Transactions	797,287	231,954
Other	384,549	204,134
Total	1,181,836	436,088

2. In the current period, the Group's interest expense amounting to TL 4,889,567 (31 December 2021: TL 2,017,426) and TL 1,444,853 (31 December 2021: TL 645,439) of the related amount is classified as "Other Interest Expense" in the income statement.

	31 December 2022	31 December 2021
Other Interest Expense		
Interest Expense Related to Derivative Transactions	1,152,285	514,164
Other	292,568	131,275
Total	1,444,853	645,439

3. In the current period, the Group's fee and commission income amounts to TL 388,697 (31 December 2021: TL 67,069) and TL 340,006 (31 December 2021: TL 31,402) of the related amount is classified under "Other" account.

	31 December 2022	31 December 2021
Other Fees and Commissions Received		
Commissions on Investment Fund Services	764	183
Early Closing Commissions	21,031	4,658
Insurance Commissions	7,199	3,185
Commissions from Stock Brokerage Activity	533	345
Commissions received from Correspondent Banks	16,867	7,685
Card and POS Transaction Commission	2,538	1,305
Transfer Commissions	223	111
Common Point Commissions	4,269	2,950
Other	286,582	10,980
Total	340,006	31,402

4. In the current period, the Group's fee and commission expense amounts to TL 63,312 (31 December 2021: TL 22,739) and TL 61,380 (31 December 2021: TL 22,629) of the related amount is classified under "Other" account.

	31 December 2022	31 December 2021
Other Fee and Commissions Given		
Card Transaction Commission	8,291	4,045
Commissions Granted to Correspondent Banks	4,001	770
Fees and Commissions for EFT	1,797	665
Common Point Exchange Commissions	1,675	1,954
Transfer Commissions	194	105
Other	45,422	15,090
Total	61,380	22,629

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT
(Continued):**

1. Information on other income and expenses (continued):

5. Fees for Services Received from Independent Audit Firm (On a consolidated basis):

	31 December 2022	31 December 2021
Independent audit fee for the reporting period	1.334	1.075
Fee for other assurance services	897	494
Fees for services other than independent audit	15	15
Total	2.246	1.584

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY

a. Information on change in the shareholder structure of the Bank:

There is no change in Parent Bank's partnership structure in 2022.

b. Information on distribution of profit:

According to the decision taken at the Ordinary General Assembly Meeting of the Bank held on 25 March 2022; Including the effects of TAS 27 Standard, the loss of TL 304,815 for the year 2021 has been classified in the extraordinary reserves account.

c. Information on capital increase:

In accordance with the Decision of the Board of Directors of the Bank dated 12 May 2022 and numbered 2022/19, the required permission was obtained from Banking Regulation and Supervision Agency regarding increasing the capital amounting to TL 2,655,500,000 by TL 765,500,000 to TL 1,890,000,000, being within the limit of registered capital ceiling amounting to TL 4,000,000,000, and it was notified that there is no objection for consummation of transactions regarding the capital increase. In this context, the capital amount provided by the shareholders were transferred to the paid-in capital account and it is registered and announced in the Turkish Trade Registry Gazette dated 22 June 2022 and numbered 10604 (Amounts in Full TL)

d. Information on valuation differences of marketable securities:

"Unrealized gains and losses" arising from changes in the fair value of securities classified as fair value through other comprehensive income are not recognized in current year income statements; they are recognized in the "Marketable securities valuation reserve" account under equity, until the financial assets are sold, disposed or impaired.

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	77,596	(12,933)	(45,308)	(6,898)
Foreign Currency Difference	-	-	-	-
Total	77,596	(12,933)	(45,308)	(6,898)

e. Information on revaluation differences of tangible and intangible assets:

The reversal from revaluation reserve to their fair value for immovables amounting to TL 19,129 increase net of tax (31 December 2021: TL 10,724) is accounted under "Revaluation differences of tangible assets and intangible assets".

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

VI. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED STATEMENT OF CASH FLOWS

a. Information on cash and cash equivalent assets:

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

i. Cash and cash equivalents at the beginning of period:

	31 December 2022	31 December 2021
Cash	3,127,868	1,857,111
Cash, Foreign Currency and Other	514,430	415,164
Demand Deposits in Banks	2,613,438	1,441,947
Cash Equivalents	282,762	300,858
Interbank Money Market	42,500	131,550
Time Deposits in Bank	240,262	169,308
Total Cash and Cash Equivalents	3,410,630	2,157,969

The total amount from the operations that occurred in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

ii. Cash and cash equivalents at the end of the period:

	31 December 2022	31 December 2021
Cash	4,034,992	3,127,868
Cash, Foreign Currency and Other	521,677	514,430
Demand Deposits in Banks	3,513,315	2,613,438
Cash Equivalents	2,727,617	282,762
Interbank Money Market	1,879,256	42,500
Time Deposits in Bank	848,361	240,262
Total Cash and Cash Equivalents	6,762,609	3,410,630

b. Information on other items presented in the Statement of Cash Flows and the effects of the change in foreign exchange rates on cash and cash equivalents:

"Other" items presented in "Net operating income before changes in operating assets and liabilities" amount to negative TL 352,670 (31 December 2021: negative TL 1,528,258) and mainly consists of other operating income excluding collections from non-performing loans, other operating expenses excluding personnel expenses and foreign exchange gain and loss items.

"Net increase/decrease in liabilities" items presented in "Changes in operating assets and liabilities" amount to positive TL 4,127,833 (31 December 2021: positive TL 647,690) and consist of changes in other liabilities and miscellaneous payables.

As of 31 December 2022, the effect of change in foreign exchange rate on cash and cash equivalents is calculated as approximately positive TL 186,403 (31 December 2021: positive TL 431,253).

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

VII. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP

a. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Prior period financial information is presented as of 31 December 2021 for balance sheet and income/expense items.

31 December 2022	Investments in Associates, Subsidiaries and Joint Ventures		Direct and indirect Shareholders of the Group		Other Real and Legal Persons that Have Been Included in the Risk Group	
Groups' Risk Group	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	24,341	-	24,860	677	-
Balance at the End of the Period	-	22,378	-	23,883	918	87
Interest and Commission Income Received	-	-	-	11	165	1

31 December 2021	Investments in Associates, Subsidiaries and Joint Ventures		Direct and indirect Shareholders of the Group		Other Real and Legal Persons that Have Been Included in the Risk Group	
Groups' Risk Group	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	62,497	-	12,944	790	-
Balance at the End of the Period	-	24,341	-	24,860	677	-
Interest and Commission Income Received	-	-	-	4	104	1

2. Information on deposits and repurchase transactions of the Group's risk group:

Groups' Risk Group	Investments in Associates, Subsidiaries and Joint Ventures		Direct and indirect Shareholders of the Group		Other Real and Legal Persons that Have Been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the Period	-	-	106,907	171,520	23,864	24,112
End of the Period	-	-	332,312	106,907	40,543	23,864
Interest Expense on Deposits	-	-	6,640	2,463	2,171	1,494

Groups' Risk Group	Investments in Associates, Subsidiaries and Joint Ventures		Direct and indirect Shareholders of the Group		Other Real and Legal Persons that Have Been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Repurchase Transactions						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Interest Expense on Repurchase Transactions	-	-	-	-	2	3

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

VII. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP (Continued):

a. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period (Continued):

3. Information on forward and option agreements and other similar agreement with the Group's risk group:

Groups' Risk Group	Investments in Associates, Subsidiaries and Joint Ventures		Direct and indirect Shareholders of the Group		Other Real and Legal Persons that Have Been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Fair Value Through Other Comprehensive Income Transactions						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	1,745,925	-	-	-
Total Profit/Loss	-	-	10,657	-	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

(*) The figures in the table above show the sum of the "purchase" amounts of the transactions in question.

b. With respect to the Group's risk group:

1. The relations with entities that are included in the Group's risk group and controlled by the Group regardless of whether there is a transaction between parties:

The Group performs various transactions with related parties during its banking activities. These are commercial transactions realized with market prices.

2. Along with the type of relationship, the type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

	Total Risk Group	According to the amounts included in the financial statements (%)
Borrowings and Subordinated Debt Instruments	8,857,537	78.88
Deposits	828	0.00
Non-Cash Loans	372,855	0.94
Banks and Other Financial Institutions	32,778	0.32
Loans	18,471	1.05

As of 31 December 2022, the Group has TL 22 interest income from deposits given to banks included in the risk group (31 December 2021: TL 73), the Group has realized interest expense amounting to TL 384,526 (31 December 2021: TL 163,356) on loans borrowed from the banks included in the risk group of the Group.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

VII. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP (Continued):

b. With respect to the Group's risk group (Continued):

3. Information on transactions such as purchase-sale of immovable and other assets, purchase-sale of service, agent agreements, financial lease agreements, transfer of the information gained as a result of research and development, license agreements, financing (including loans and cash or in kind capital), guarantees, collaterals and management contracts:

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Parent Bank's risk group and the amount composes 0.07% (31 December 2021: 0.15%) of the Group's total cash and non-cash loans.

As of 31 December 2022, there are no purchase-sales transactions on any assets including real estate with the risk group consisting the Parent Bank.

As of 31 December 2022, there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Parent Bank is included.

c. Information on benefits provided to top management:

Top management of the Group is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management in the current period, totals TL 66,523 (31 December 2021: TL 35,184) which constitutes of the sum of other benefits including yearly gross salaries and other payments and travel, meal aids, health and life insurances and vehicle expenses.

VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK

- a. Information on domestic, foreign branches and foreign representatives:

	Number	Employee Number			
Domestic branch	32	1,020			
			Country of Incorporation		
Foreign representative	None.				
				Total Asset	Legal Capital
Foreign branch	None.				
Off-Shore Banking Region Branch	None.				

- b. There is no event that would affect opening or closing a domestic branch, a foreign branch or a representative office of the Parent Bank.

IX. EXPLANATIONS AND NOTES ON RELATED TO SUBSEQUENT EVENTS:

It has been noted that a state of emergency involving 10 provinces in the region will be declared due to the negativity caused by the earthquakes centered in Kahramanmaraş, affecting many of our provinces and shaking our entire country. Developments related to this natural disaster are being closely monitored, and efforts for the assessment of this situation is ongoing.

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION SIX

OTHER EXPLANATIONS

I. OTHER OPERATIONS RELATED TO GROUP’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT:

The consolidated financial statements as of 31 December 2022 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of DELOITTE TOUCHE TOHMATSU LIMITED) and the auditor’s audit report dated 15 February 2023 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

Directory

Adana

Cemalpaşa Mahallesi, Atatürk Caddesi No:76/A Seyhan / Adana
Tel: +90 322 352 44 44 **Fax:** +90 322 352 17 00

Asya Ticari Merkez

Saray Mh. Dr. Adnan Büyükdere Cad. Cessas Plaza 2. Blok No:4 İç kapı
No:18 PK:34768 Ümraniye / İstanbul
Tel: +90 216 633 20 00 **Fax:** +90 216 633 20 01

Ankara

Arjantin Cad. No:9 GOP Çankaya / Ankara
Tel: +90 312-418 79 79 **Fax:** +90 312-418 22 62

Ankara Plaza

Mustafa Kemal Mahallesi Dumlupınar Bulvarı B Blok
No:274/7-201 Çankaya / ANKARA
Tel: +90 312-286 19 00 **Fax:** +90 312-285 60 70

Antakya

Yavuz Selim Caddesi, Zühtüye Ökten İşhanı, No:10/8-9
Tel: +90 326-225 09 88 **Fax:** +90 326-225 13 36

Antalya

Tarım Mah. Aspendos Bulvarı, Olimpos Erüst İş Merkezi B Blok No:72
Antalya
Tel: +90 242 322 87 22 **Fax:** +90 242 312 25 80

Ataşehir Finans Merkezi Şubesi

Barbaros Mahallesi, Begonya Sok, Nidakule Ataşehir Kuzey Sit. A
Kapısı No:3/144 Ataşehir / İstanbul
Tel: +90 216-414 88 88 **Fax:** +90 216-449 55 35

Bakırköy

Zuhuratbaba Mah. İncirli Cad. No:87A/B Bakırköy / İstanbul
Tel: +90 212-543 66 66 **Fax:** +90 212-583 66 66

Bodrum

Yeniköy Mahallesi, Kıbrıs Şehitleri Caddesi, No.110 Bodrum / Muğla
Tel: +90 252-316 90 00 **Fax:** +90 252-316 03 50

Bursa Plaza

Oduluk Mah. Akpınar Cd. R Plaza No:21, İç Kapı No:10 (Kat No:4)
Nilüfer/Bursa
Tel: +90 224-362 65 65 **Fax:** +90 224-364 67 41

Çiftelhavuzlar

Göztepe Mah. Bağdat Cad. No:225 Kat:1 D:2 Göztepe / İstanbul
Tel: +90 216-359 10 10 **Fax:** +90 216-359 10 11

Denizli

Saraylar Mah. Enverpaşa Cad. No:17/1 Merkezefendi Denizli
Tel: +90 258-241 23 00 **Fax:** +90 258-241 28 12

Eskişehir

Hacıali Bey Mah. Sakarya-1 Cad. No:62/A Tepebaşı / Eskişehir
Tel: +90 222-221 04 41 **Fax:** +90 222-221 53 09

Etiler

Etiler Mah. Nispetiye Cad. No:84 34340 Beşiktaş / İstanbul
Tel: 0212-257 35 35 **Fax:** 0212-287 23 64

Gaziantep

Değirmiş Mah. Mithat Enç Caddesi No:3/2 Şehitkamil / GAZİANTEP
Tel: +90 342-230 75 50 **Fax:** +90 342-231 54 81

Gebze

Osman Yılmaz Mahallesi, İstanbul Caddesi No:24/6 Gebze / Kocaeli
Tel: +90 262-642 37 37 **Fax:** +90 262-642 37 17

Güneşli

15 Temmuz Mah. Bahar Cad. No:43/193 J Blok K:19 Bağcılar / İstanbul
Tel: +90 212-656 29 29 **Fax:** +90 212-657 33 10

İkitelli

OSB Mahallesi Atatürk Bulvarı Mahmut Torun İş Merkezi Blok
No:54/10 Başakşehir / İstanbul
Tel: +90 212-671 55 15 **Fax:** +90 212-671 65 89

Head Office

Maslak Mah. Eski Büyükdere Caddesi No:13
Güney Plaza Şişli / İstanbul

Tel: +90 212-371 37 37 **Fax:** +90 212-371 42 42

İskenderun

Çay Mahallesi Mete Aslan Blv. Çivisöken Apartmanı Sit. No:1C
İskenderun / Hatay
Tel: +90 326-613 92 00 **Fax:** +90 326-613 99 90

İstanbul Kurumsal

Maslak Mah. Eski Büyükdere Caddesi No:13
Tel: +90 212-371 37 37 **Fax:** +90 212-371 42 42

İzmir

Cumhuriyet Bulv. No. 140/1 35210 Alsancak / İzmir
Tel: +90 232-463 78 79 **Fax:** +90 232-464 11 62

İzmit

Yenişehir Mah. Dönmez Sok. No:2 İç kapı:3 İzmit / KOCAELİ
Tel: +90 262 331 55 11 **Fax:** +90 262 331 14 92

Kalamış

Fenerbahçe Mah. Ahmet Mithatefendi Cad. No:18/A Kadıköy / İstanbul
Tel: +90 216 356 60 70 **Fax:** +90 216 356 60 85

Kayseri

Cumhuriyet Mah. Kışıkçı Cad. No:22 Melikgazi / Kayseri
Tel: +90 352-222 92 00 **Fax:** +90 352-222 92 11

Maslak Ticari

Maslak Mah. Eski Büyükdere Cad. No:13 Kat:3 İç Kapı No:4 Sarıyer /
İstanbul
Tel: +90 212 371 39 39 **Fax:** +90 212 371 42 41

Merkez

Eski Büyükdere Caddesi Ayazağa Köy Yolu Güney Plaza
No:13/2 Sarıyer / İstanbul
Tel: +90 212 371 56 86 **Fax:** +90 212 371 42 76

Mersin

İstiklal Caddesi Aloğlu İş Merkezi No:36 36060 Mersin
Tel: +90 324-239 44 00 **Fax:** +90 324-239 03 60

Nişantaşı

Halaskargazi Mah. Valikonağı Cad. No:65 pk:34371 Şişli / İstanbul
Tel: +90 212-256 98 55 **Fax:** +90 212-237 10 94

Pendik

Yeşilbağlar Mah. Kaptan Sok. No:19 İç Kapı No:3-4 34893 Pendik /
İstanbul
Tel: +90 216-379 41 41 **Fax:** +90 216 379 30 00

Suadiye

Bostancı Mah. Bağdat Cad. Mesut Apt. No:458 / 1-2-3 Kadıköy/ İstanbul
Tel: +90 216 384 57 57 **Fax:** +90 216 384 57 55

Tekstilkent

Oruçreis Mah. Tekstilkent Cad. No:12/A B blok Kat:21 İç Kapı:214
Esenler / İSTANBUL
Tel: +90 212-435 20 55 **Fax:** +90 212-435 21 17

Yeşilyurt

Sipahioğlu Caddesi Baybora Apt. No:14/B Yeşilyurt 34149 Bakırköy /
İstanbul
Tel: +90 212-663 05 45 **Fax:** +90 212-663 05 44

TRADE REGISTRY NO: 284086

MERSİS NO: 0140003231000116

SUBSIDIARIES:

Burgan Yatırım Menkul Değerler A.Ş.

T: +90 212 317 27 27

F: +90 212 317 27 26

Burgan Finansal Kiralama A.Ş.

T: +90 212 371 42 22

F: +90 212 371 42 90

